

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED**

**FINANSIËLE STATE  
VIR DIE BOEKJAAR GEEINDIG**

**INGXELO YEZEMALI  
YOKUPHELA KONYAKA**



**LUKHANJI MUNICIPALITY**

**30 JUNE 2012**

# Annual Financial Statements

for

## **LUKHANJI MUNICIPALITY**

for the year ended 30 June: **2012**

Province:	Eastern Cape
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AFS rounding:	<b>R (i.e. only cents)</b>
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### **Contact Information:**

<b>Name of Municipal Manager:</b>	G BROWN
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**LUKHANJI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information**

**Members of the Council**

		<b>Appointment Date</b>
Councillor-M NONTSELE	<b>Mayor</b>	31 May 2011
Councillor-MB SNYDERS	<b>Speaker</b>	31 May 2011
Councillor- MZ GWANTSHU	Member of the Executive Committee	24 February 2012
Councillor-AE HULUSHE	Member of the Executive Committee	31 May 2011
Councillor-TM JOCKI	Member of the Executive Committee	31 May 2011
Councillor-FS LUNGISA	Member of the Executive Committee	31 May 2011
Councillor-D MJO	Member of the Executive Committee	31 May 2011
Councillor-BE MNGESE	Member of the Executive Committee	31 May 2011
Councillor-NC PAMBO	Member of the Executive Committee	24 February 2012
Councillor-M PETER	Member of the Executive Committee	31 May 2011
Councillor-BG VAN HEERDEN	Member of the Executive Committee	31 May 2011

**MEMBERS OF THE PART TIME COUNCIL**

Councillor-MV BLEKIWE
Councillor-AV BOKUVA
Councillor-FM DAYIMANI
Councillor-JC DE WET
Councillor-FN DUDA
Councillor-ML DYAN
Councillor-SR DYANTYI
Councillor-ZA DYWILI
Councillor-SL GAJU
Councillor-TM GXABA
Councillor-MS HOKOLO
Councillor-M JASKA
Councillor-MZ KALIPA
Councillor-NE KONDLO
Councillor-NA KOPOLLO
Councillor-PZ MANDILE
Councillor-K MANZANA-SOVENDLE
Councillor-NL MAQUNGO
Councillor-MM MATIWANE
Councillor-XP MBASANA
Councillor-N MFUNDISI
Councillor-M MNYAKA
Councillor-TV MPOLO
Councillor-SE MVANA
Councillor-B NDABAMBI
Councillor-MR NDALISO
Councillor-ME NDINISE
Councillor-SN NDLEBE
Councillor-M NGESI
Councillor-DD NJOZELA
Councillor-NP NQUMA
Councillor-NJ QOMOYI
Councillor-BG RANI
Councillor-LC RASIMOSI
Councillor-JM SHAW

**LUKHANJI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

Councillor-PMX SIBEFU  
Councillor-N SIMAMA  
Councillor-MN SIYO  
Councillor-MJ THOLE  
Councillor-EN TSOTETSI  
Councillor-ML TYHOLO  
Councillor-M XHELISILO  
Councillor-NT XULUBANA  
Councillor-OB HEBE  
Councillor-M HEBE  
Councillor-L JACENI  
Councillor-F MTINGENI F  
Councillor-FX ZIMEMA  
Councillor-M NGOMA  
Councillor-NV ZIMEMA  
Councillor-MWJ GUNGUBELE  
Councillor-MS MRUBATA  
Councillor-SV HEBE  
Councillor-TW MGUYE

**Acting Municipal Manager**

G JUDEEL

**Chief Financial Officer**

L NGENO

**Grading of Local Authority**

Category 4

**Auditors**

Auditor-General

**Bankers**

ABSA BANK

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QUEENSTOWN  
5320

**Postal address:** Private Bag X7111  
QUEENSTOWN  
5320

**Telephone number:** 045-807 2773

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budget&treasury@awe.co.za

**LUKHANJI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

**Accounting Officer's Responsibility and Approval of annual financial statements**

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 51, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager: G Brown  
20 November 2012

**LUKHANJI MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

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**LUKHANJI MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
for the year ended 30 June 2012

	Note	2012 R	Restated 2011 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	176,729,059	124,999,536
Trade receivables from exchange transactions	2	26,633,303	20,313,984
Other receivables from exchange transactions	3	114,313,683	106,573,685
Other receivables from non-exchange transactions	3	9,458,859	5,223,900
VAT receivable	11	-	1,449,670
Other Financial Assets	5	224,908	224,908
Other Current Assets	3	3,751,311	5,043,282
<b>Non-current assets</b>			
Property, plant and equipment	6	726,310,400	710,711,011
Intangible assets	7	360	8,365
Investment property	8	91,283,592	91,283,592
<b>Total assets</b>		<b>1,148,705,475</b>	<b>1,065,831,932</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	9	32,946,433	26,269,230
Consumer deposits	10	8,454,429	7,937,497
VAT payable	11	2,401,979	-
Unspent conditional grants and receipts	12	16,281,172	15,470,541
Other financial liabilities	13	1,792,521	1,303,479
Finance lease obligation	13	2,639,761	3,490,312
Retirement benefit obligation	43	1,391,000	1,392,768
<b>Non-current liabilities</b>			
Other financial liabilities	13	1,791,684	2,133,584
Finance lease obligation	13	2,133,208	4,772,145
Provisions	15	18,613,729	17,076,816
Retirement benefit obligation	43	55,918,461	59,881,693
<b>Total liabilities</b>		<b>144,364,377</b>	<b>139,728,065</b>
<b>Net assets</b>		<b>1,004,341,098</b>	<b>926,103,867</b>
<b>NET ASSETS</b>			
Reserves		-	-
Accumulated surplus / (deficit)		1,004,341,099	926,103,867
<b>NET ASSETS</b>		<b>1,004,341,099</b>	<b>926,103,867</b>

**LUKHANJI MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ending 30 June 2012**

	Note	2012 R	Restated 2011 R
<b>Revenue</b>			
Property rates	16	47,814,551	39,333,529
Property rates - Interest imposed and collection charges on rates	16	2,231,616	473,753
Service charges	17	155,803,583	130,496,954
Rental of facilities and equipment	18	2,478,194	1,468,931
Interest received (investment)	19	7,853,180	5,202,465
Interest received (trading)	20	8,570,588	8,448,319
Fines		380,285	729,473
Licences and permits		7,662,959	8,644,085
Government Grants and subsidies	21	136,916,030	155,294,751
Other income	22	11,885,359	10,227,573
<b>Total Revenue</b>		<b>381,596,344</b>	<b>360,319,832</b>
<b>Expenditure</b>			
Employee related costs	23	90,219,318	88,619,877
Remuneration of councillors	24	15,806,373	14,279,120
Administration Costs		(12,907,520)	(8,564,918)
Debt Impairment - Movement in Provision	2-3	28,806,620	57,530,576
Impairment Loss/Reversal of impairments		-	2,471,135
Depreciation and amortisation	25	15,763,169	15,309,176
Repairs and maintenance		6,288,497	6,652,474
Finance costs	26	6,605,133	7,633,763
Bulk purchases	27	117,892,863	95,041,763
Contracted services	28	2,282,171	1,943,285
Expenditure from Grants and subsidies	29	7,279,845	6,267,500
General expenses	30	41,229,621	26,846,624
<b>Total Expenditure</b>		<b>319,266,091</b>	<b>314,030,375</b>
Gain / (loss) on disposal of assets and liabilities	31	1,713,547	9,355,927
Gain / (loss) on actuarial adjustment	43	8,903,000	5,236,000
Prior Year adjustment unknown			(5,290,431)
<b>Surplus / (deficit) for the year</b>		<b>72,946,800</b>	<b>55,590,953</b>

**LUKHANJI MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 30 June 2012**

Note	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R
<b>Balance at 30 June 2010</b>	<b>865,103,067</b>	<b>865,103,067</b>
Prior period error	37 119,416	119,416
<b>Restated balance</b>	<b>865,222,483</b>	<b>865,222,483</b>
Surplus / (deficit) for the year	60,881,384	60,881,384
<b>Balance at 30 June 2011</b>	<b>926,103,867</b>	<b>926,103,867</b>
Adjustment to appropriation account in respect of transaction that should have been affected in the prior year such as under and over provision for creditors and under and over billing of services ect.(Detail Information was not available in respect of this balance at the date of submission)	37 5,290,431	5,290,431
<b>Restated balance</b>	<b>931,394,298</b>	<b>931,394,298</b>
Surplus / (deficit) for the period	72,946,800	72,946,800
<b>Balance at 30 June 2012</b>	<b>1,004,341,099</b>	<b>1,004,341,099</b>

**LUKHANJI MUNICIPALITY**  
**CASH FLOW STATEMENT**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Transfers and Grants		133,277,530	101,663,814
Interest Income		7,853,180	13,650,784
Ratepayers and other		292,663,329	162,008,443
		<u>433,794,039</u>	<u>277,323,041</u>
<b>Payments</b>			
Employee Costs		(106,025,691)	(102,898,998)
Finance Costs		(6,413,957)	(6,684,107)
Bulk Purchases		(117,892,863)	(95,041,763)
Suppliers and other		(121,146,242)	(42,188,485)
		<u>(351,478,753)</u>	<u>(246,813,353)</u>
<b>Net cash flows from operating activities</b>	34	<b>82,315,286</b>	<b>30,509,688</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(28,955,495)	(27,567,667)
Proceeds from sale of property, plant and equipment	31	1,713,547	9,355,927
Purchase of other intangible assets	7	(1,469)	(50,190)
Proceeds from sale of financial assets		-	508,015
Proceeds from actuarial valuation			5,236,000
<b>Net cash flows from investing activities</b>		<b>(27,243,416)</b>	<b>(12,517,915)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (Repayment) in other financial liabilities		147,141	(68,803)
Finance lease payments		(3,489,487)	(952,936)
Other cash items			
<b>Net cash flows from financing activities</b>		<b>(3,342,346)</b>	<b>(1,021,739)</b>
<b>Net Increase / (decrease) in net cash and cash equivalents</b>		<b>51,729,523</b>	<b>16,970,034</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>124,999,536</b>	<b>108,029,502</b>
<b>Cash and cash equivalents at end of year</b>	35	<b>176,729,059</b>	<b>124,999,536</b>

**LUKHANJI MUNICIPALITY**  
**ACCOUNTING POLICIES**  
for the year ended 30 June 2012

## **1 BASIS OF ACCOUNTING**

### **1.1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

### **1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

### **1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

### **1.4 COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### **1.5 USE OF ESTIMATES**

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### **1.6 BUDGET INFORMATION**

GRAP 24: Presenting of Budget Information in Financial Statements is not yet effective. However GRAP 1.15 (Revised) requires a comparison between actual and budget amounts. This information has been disclosed in the financial statements note 50.

### **1.7 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED AND ADOPTED IN THE CURRENT YEAR**

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

<b>Standard/Interpretation:</b>	<b>Effective date: Year beginning on or after</b>	<b>Expected Impact</b>
* IGRAP 2: changes in Existing Decommissioning, Restoration and Similar Liabilities	01 April, 2011	No Major Impact
* IGRAP 3: Determining Whether an Arrangement Contains a Lease	01 April, 2011	No Major Impact
* IGRAP 4: Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	01 April, 2011	No Major Impact
* IGRAP 5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies	01 April, 2011	No Major Impact
* IGRAP 6: Loyalty Programmes	01 April, 2011	No Major Impact
* IGRAP 7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01 April, 2011	No Major Impact
* IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions	01 April, 2011	No Major Impact
* IGRAP 9: Distributions of Non-cash Assets to Owners	01 April, 2011	No Major Impact
* IGRAP 10: Assets Received from Customers	01 April, 2011	No Major Impact
* IGRAP 13: operating Leases - Incentives	01 April, 2011	No Major Impact
* IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease	01 April, 2011	No Major Impact
* IGRAP 15:Revenue - Barter Transactions Involving Advertising Services	01 April, 2011	No Major Impact
* GRAP 1 (as revised 2010): Presentation of Financial Statements	01 April, 2011	No Major Impact

**LUKHANJI MUNICIPALITY**  
**ACCOUNTING POLICIES**  
**for the year ended 30 June 2012**

* GRAP 2 (as revised 2010): Cash Flow Statements	01 April, 2011	No Major Impact
* GRAP 3 (as revised 2010): Accounting policies, Changes in Accounting Estimates and Errors	01 April, 2011	No Major Impact
* GRAP 4 (as revised 2010): The Effects of Changes in Foreign Exchange Rates	01 April, 2011	No Major Impact
* GRAP 5 (as revised 2010): Borrowing Costs	01 April, 2011	No Major Impact
* GRAP 9 (as revised 2010): Revenue from Exchange Transactions	01 April, 2011	No Major Impact
* GRAP 10 (as revised 2010): Financial Reporting in Hyperinflationary Economies	01 April, 2011	No Major Impact
* GRAP 11 (as revised 2010): Construction Contracts	01 April, 2011	No Major Impact
* GRAP 12 (as revised 2010): Inventories	01 April, 2011	No Major Impact
* GRAP 13 (as revised 2010): Leases	01 April, 2011	No Major Impact
* GRAP 14 (as revised 2010): Events after the Reporting Date	01 April, 2011	No Major Impact
* GRAP 16 (as revised 2010): Investment Property	01 April, 2011	No Major Impact
* GRAP 17 (as revised 2010): Property, Plant and Equipment	01 April, 2011	No Major Impact
* GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets	01 April, 2011	No Major Impact
* GRAP 100 (as revised 2010): Non-current Assets Held for Sale and Discontinued Operations	01 April, 2011	No Major Impact
* GRAP 101 (as revised 2010): Agriculture Assets	01 April, 2011	No Major Impact
* GRAP 102 (as revised 2010): Intangible Assets	01 April, 2011	No Major Impact

**1.8 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED AND ADOPTED AT A FUTURE EFFECTIVE DATE**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July, 2012 or later periods:

* GRAP 18: Segment Reporting	01 April, 2013
* GRAP 23: Revenue from Non-exchange Transactions	01 April, 2012
* GRAP 24: Presentation of Budget Information in the Financial Statements	01 April, 2012
* GRAP 103: Heritage Assets	01 April, 2012
* GRAP 21: Impairment of non-cash-generating assets	01 April, 2012
* GRAP 26: Impairment of cash-generating assets	01 April, 2012
* GRAP 25: Employee benefits	01 April, 2013
* GRAP 104: Financial Instruments	01 April, 2012
* GRAP 105: Transfers of functions between entities under common control	01 April, 2014
* GRAP 106: Transfers of functions between entities not under common control	01 April, 2014
* GRAP 107: Mergers	01 April, 2014
* GRAP 20: Related parties	01 April, 2013
* GRAP 11: Consolidation - Special purpose entities	01 April, 2014
* GRAP 12: Jointly controlled entities - Non-monetary contributions by ventures	01 April, 2014
* GRAP 6: (as revised 2010): Consolidated and Separate Financial Statements	01 April, 2014
* GRAP 7: (as revised 2010): Investments in Associates	01 April, 2014
* GRAP 8: (as revised 2010): Interest in Joint Ventures	01 April, 2014
* GRAP 1: (as revised 2012): Presentation of Financial Statements	01 April, 2013
* GRAP 3: (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April, 2013
* GRAP 7: (as revised 2012): Investments in Associates	01 April, 2013
* GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April, 2013
* GRAP 12 (as revised 2012): Inventories	01 April, 2013
* GRAP 13 (as revised 2012): Leases	01 April, 2013
* GRAP 16 (as revised 2012): Investment Property	01 April, 2013
* GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April, 2013
* GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April, 2013
* GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April, 2013
* GRAP 16: Intangible assets website costs	01 April, 2013

These standards, amendments and interpretations will not have a significant impact on the municipality once implemented.

**2 PROPERTY, PLANT AND EQUIPMENT**

**2.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is measured at fair value as at the date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at the fair value.

**LUKHANJI MUNICIPALITY**  
**ACCOUNTING POLICIES**  
for the year ended 30 June 2012

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**2.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**2.3 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The following annual depreciation rates are based on the following estimated useful lives:

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	25 Years	Buildings	30 Years
Pedestrian Malls	25 Years	Specialist vehicles	5 - 10 Years
Electricity	40 Years	Other vehicles	5 - 7 Years
		Office equipment	3 - 7 Years
		Furniture and fittings	7 - 10 Years
		Watercraft	
<b>Community</b>		<b>Other</b>	
Buildings	30 Years	Bins and containers	5 Years
Recreational Facilities	20 - 30 Years	Specialised plant and equipment	10 Years
Security		Other items of plant and equipment	3 - 5 Years
Halls	50 Years	Landfill sites	10 - 50 Years
Libraries	50 Years	Quarries	
Parks and gardens	20 Years	Emergency equipment	5 - 15 Years
Other assets		Computer equipment	3 - 5 Years
<b>Heritage assets</b>			
Buildings			
Paintings and artifacts			
<b>Finance lease assets</b>			
Office equipment	5 Years		
Other assets			

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**2.4 DERECOGNITION**

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**3 INTANGIBLE ASSETS**

**3.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

### **3.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **3.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 Years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### **3.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **4 INVESTMENT PROPERTY**

### **4.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

### **4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at market conditions at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises. The value of such will be reviewed every 4 years with the implementation of the municipal valuation roll.

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**5 NON-CURRENT ASSETS HELD FOR SALE**

**5.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**5.2 SUBSEQUENT MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**6 INVENTORIES**

**6.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**6.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

**7 FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective

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interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

#### **CLASSIFICATION**

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables from non-exchange transactions	Financial asset measured at amortised cost
Trade and other receivables from exchange transactions	Financial asset measured at amortised cost
Long term receivables	Financial asset measured at amortised cost
Non current investments	Financial asset measured at amortised cost
Other non current investments (shares)	Financial asset measured at fair value
Other	Financial asset measured at fair value

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The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Borrowings	Financial asset measured at amortised cost
Trade and other payables	Financial asset measured at amortised cost
Other	Financial asset measured at amortised cost
Other receivables <sup>2</sup>	Financial asset measured at amortised cost
Other financial liability <sup>1</sup>	Financial asset measured at fair value
Other financial liability <sup>2</sup>	Financial asset measured at fair value

#### **INITIAL RECOGNITION**

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

#### **INITIAL MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value.

#### **SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### **FAIR VALUE MEASUREMENT CONSIDERATIONS**

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis.

#### **RECLASSIFICATION**

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

#### **GAINS AND LOSSES**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

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**IMPAIRMENT AND UNCOLLECTIBILITY OF FINANCIAL ASSETS**

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

**DERECOGNITION**

**FINANCIAL ASSETS**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

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**FINANCIAL LIABILITIES**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

**PRESENTATION**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

**8 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**9 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**10 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**11 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## **12 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the financial statements.

## **13 LEASES**

### **13.1 MUNICIPALITY AS LESSEE**

#### **FINANCE LEASES**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

#### **OPERATING LEASES**

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are expensed on a straight-line basis over the term of the relevant lease. The municipality did not have any leases as at the reporting date.

### **13.2 MUNICIPALITY AS LESSOR**

#### **FINANCE LEASES**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

#### **OPERATING LEASES**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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**14 REVENUE**

**14.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on historical usage.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

**14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**14.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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**16 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**16 EMPLOYEE BENEFITS**

**SHORT-TERM EMPLOYEE BENEFITS**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**DEFINED CONTRIBUTION PLAN**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

**DEFINED BENEFIT PLANS**

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

**OTHER POST RETIREMENT OBLIGATIONS**

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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**17 CONSTRUCTION CONTRACTS AND RECEIVABLES**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the completion of a physical proportion of contract work done.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**18 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**19 IMPAIRMENT OF CASH GENERATING ASSETS**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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**for the year ended 30 June 2012**

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

#### **IDENTIFICATION**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses annually whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### **VALUE IN USE**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### **BASIS FOR ESTIMATES OF FUTURE CASH FLOWS**

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

#### **COMPOSITION OF ESTIMATES OF FUTURE CASH FLOWS**

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

#### **CASH-GENERATING UNITS**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

#### **REVERSAL OF IMPAIRMENT LOSS**

The municipality assess annually whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### **REDESIGNATION**

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

#### **20 IMPAIRMENT OF NON-CASH GENERATING ASSETS**

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

**LUKHANJI MUNICIPALITY**  
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Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

#### **IDENTIFICATION**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses annually whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### **VALUE IN USE**

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

#### **DEPRECIATED REPLACEMENT COST APPROACH**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### **RESTORATION COST APPROACH**

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

#### **SERVICE UNITS APPROACH**

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

#### **RECOGNITION AND MEASUREMENT**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**LUKHANJI MUNICIPALITY**  
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**REVERSAL OF AN IMPAIRMENT LOSS**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**REDESIGNATION**

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

**21 EVENTS AFTER REPORTING DATE**

Disclose for each material category of non-adjusting events after the reporting date:

**22 INVESTMENT INCOME**

Investment income is recognised on a time-proportion basis using the effective interest method.

**23 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity is the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**24 CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**LÜKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1 CASH AND CASH EQUIVALENTS**

**2012**

**2011**

Cash and cash equivalents consist of the following:

Cash on hand	26,992	26,992
Cash at bank	73,666,772	27,250,235
Call deposits	103,035,295	97,722,309
	<u>176,729,059</u>	<u>124,999,536</u>

The Municipality has the following bank accounts: -

**Current Account (Primary Bank Account)**

ABSA Bank Limited - Queenstown Branch: Account Number 405-281-9154	85,522,179	42,523,873
ABSA Bank Limited - Queenstown Branch: Account Number 2160-143-854	22,039,720	9,802,279

Cash book balance at beginning of year

27,250,235

1,081,152

Cash book balance at end of year

73,666,772

27,250,235

Bank statement balance at beginning of year

52,326,152

12,375,821

Bank statement balance at end of year

107,561,899

52,326,152

**Savings Account**

ABSA Bank Limited - Queenstown Branch: Account Number 909-044-9293	102,794,552	97,059,887
ABSA Bank Limited - Queenstown Branch: Account Number 206-068-1802	41,601	37,315
ABSA Bank Limited - Queenstown Branch: Account Number 206-068-1577	46,471	41,951
ABSA Bank Limited - Queenstown Branch: Account Number 204-601-2562	8,839	8,204
ABSA Bank Limited - Queenstown Branch: Account Number 206-068-7315	5,369	5,034
ABSA Bank Limited - Queenstown Branch: Account Number 2160-143-862	132,920	127,523
RSA Internal Registered Bonds - No 23242	18,500	18,500

Cash book balance at beginning of year

97,722,309

97,580,261

Cash book balance at end of year

103,035,295

97,722,309

Bank statement balance at beginning of year

97,298,414

43,351,117

Bank statement balance at end of year

103,048,253

97,298,414

**Cash on hand**

Total cash and cash equivalents

26,992

26,992

The carrying amount of Cash and cash equivalents approximates their fair value due to their short-term maturity.

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	<b>Provision for Debt Impairment</b>		
	<b>Gross Balances R</b>	<b>Net Balance R</b>	
<b><u>Trade receivables</u></b>			
<b>as at 30 June 2012</b>			
Service debtors			
Electricity	17,024,829	(8,188,862)	8,835,967
Refuse	54,960,620	(51,332,304)	3,628,315
Interest on Debtors	49,853,068	(46,854,876)	2,998,192
Sundries (Infrastructure Levy, Rentals, Availability Charges, Community Levy ect)	78,170,566	(66,999,738)	11,170,828
<b>Total</b>	<b>200,009,083</b>	<b>(173,375,780)</b>	<b>26,633,303</b>

<b>as at 30 June 2011</b>			
Service debtors			
Electricity	20,917,145	(12,469,266)	8,447,879
Refuse	47,261,647	(43,681,170)	3,580,477
Interest on Debtors	40,680,408	(38,079,790)	2,600,617
Sundries (Infrastructure Levy, Rentals, Availability Charges, Community Levy ect)	64,928,712	(59,243,702)	5,685,011
<b>Total</b>	<b>173,787,912</b>	<b>(153,473,927)</b>	<b>20,313,984</b>

<b><u>Electricity: Ageing</u></b>	<b>2012</b>	<b>2011</b>
Current (0 – 30 days)	5,671,948	5,005,773
31 - 60 Days	2,233,180	2,168,735
61 - 90 Days	930,839	1,273,370
91 - 120 Days	8,188,862	12,469,266
<b>Total</b>	<b>17,024,829</b>	<b>20,917,144</b>

<b><u>Refuse: Ageing</u></b>	<b>2012</b>	<b>2011</b>
Current (0 – 30 days)	1,506,485	1,503,019
31 - 60 Days	1,151,394	1,132,771
61 - 90 Days	970,436	944,687
91 - 120 Days	51,332,304	43,681,170
<b>Total</b>	<b>54,960,620</b>	<b>47,261,647</b>

<b><u>Interest on Consumer Debtors: Ageing</u></b>	<b>2012</b>	<b>2011</b>
Current (0 – 30 days)	1,031,825	873,075
31 - 60 Days	1,013,912	883,551
61 - 90 Days	952,456	843,991
91 - 120 Days	46,854,876	38,079,790
<b>Total</b>	<b>49,853,068</b>	<b>40,680,407</b>

<b><u>Sundries: Ageing</u></b>	<b>2012</b>	<b>2011</b>
Current (0 – 30 days)	7,634,978	5,084,597
31 - 60 Days	2,401,081	403,835
61 - 90 Days	1,134,769	196,578
91 - 120 Days	66,999,738	59,243,702
<b>Total</b>	<b>78,170,566</b>	<b>64,928,712</b>

<b><u>Summary of Debtors by Customer Classification</u></b>	<b>Consumers</b>		
	<b>R</b>	<b>R</b>	<b>R</b>
<b>as at 30 June 2012</b>			
Current (0 – 30 days)	12,633,409	1,994,002	1,217,825
31 - 60 Days	5,564,853	593,876	640,839
61 - 90 Days	1,950,483	1,237,854	800,162
91 - 120 Days	147,104,115	22,168,230	4,103,435
<b>Sub-total</b>	<b>167,252,860</b>	<b>25,993,962</b>	<b>6,762,261</b>
Less: Provision for debt impairment	(147,104,115)	(22,168,230)	(4,103,435)
<b>Total debtors by customer classification</b>	<b>20,148,745</b>	<b>3,825,732</b>	<b>2,658,826</b>

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

<b>as at 30 June 2011</b>	
Current (0 – 30 days)	12,466,464
31 - 60 Days	4,588,892
61 - 90 Days	3,258,626
91 - 120 Days	153,473,928
Sub-total	173,787,910
Less: Provision for debt impairment	(153,473,927)
<b>Total debtors by customer classification</b>	<b>20,313,983</b>

Currently the financial system does not allow for separation of debtors by category. The municipality make use of providing for bad debt to debtors in excess of 90 days.

**Reconciliation of the debt impairment provision**

	2012	2011
Balance at beginning of the year	(153,473,928)	(126,534,180)
Contributions to provision	(19,901,853)	(26,939,748)
<b>Balance at end of year</b>	<b>(173,375,781)</b>	<b>(153,473,928)</b>

The carrying amount of trade receivables approximates their value due to their short-term maturity.

**3 OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Deposits	61,168	61,168
Chris Hani Agency account	114,039,222	106,304,057
Other debtors	* 213,293	208,461
<b>Total Other Debtors</b>	<b>114,313,683</b>	<b>106,573,665</b>

\* Financial asset classified as loans and receivables. No amortisation was applied. Fair value was estimated at cost.

The carrying amount of trade receivables approximates their value due to their short-term maturity.

The municipality has raised a debtor for Chris Hani District Municipality for the amount of R114 039 222 which comprises R91 227 744 reflected above and R22 805 709 reflected in other debtors. This debtor relates to the agency agreement between Lukhanji Municipality and Chris Hani District Municipality. This amount has not been confirmed by Chris Hani District Municipality at year end. Lukhanji Municipality closed off the Water & Sanitation expenses and revenues to the agency account

**3 Suspense Accounts** 3,751,311 5,043,282

The above relates to suspense accounts created and in the process of clearing.

	Provision for Debt		
	Gross Balances R	Impairment R	Net Balance R
<b>3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>			
as at 30 June 2012			
Property Rates	37,722,910	(28,338,119)	9,384,792
Consumer Deposits	249,628	(175,561)	74,067
	<b>37,972,538</b>	<b>(28,513,679)</b>	<b>9,458,859</b>

as at 30 June 2011			
Property Rates	27,223,014	(22,076,342)	5,146,672
Consumer Deposits	228,560	(151,332)	77,228
	<b>27,451,574</b>	<b>(22,227,674)</b>	<b>5,223,900</b>

	2012		2011
	Gross Balances R	Impairment R	Net Balance R
<b>Rates: Ageing</b>			
Current (0 – 30 days)	7,261,793	2,299,994	
31 - 60 Days	1,198,913	1,487,831	
61 - 90 Days	924,086	1,358,846	
91 - 120 Days	28,338,119	22,076,342	
<b>Total</b>	<b>37,722,910</b>	<b>27,223,013</b>	

**4 CURRENT INVESTMENTS**

Deposits	103,035,295	97,722,309
Provisions	-	-
Unspent conditional grants and receipts	16,281,172	15,470,541
Retirement benefit obligation	55,918,461	1,392,768
Leave Pay	11,921,852	10,176,680
Creditors Provision	8,513,650	2,352,767
Surplus	10,400,161	68,329,553
<b>Refer to Note 1</b>	<b>103,035,295</b>	<b>97,722,309</b>

**5 Other Financial Assets**

<b>Financial Instruments</b>		
Fixed Deposits - Housing Collateral	206,408	206,408
Listed Investments - Government Bonds	18,500	18,500
	<b>224,908</b>	<b>224,908</b>

Pledged Investments - NONE

These investments are classified as Loans and Receivables and the fair value approximates their carrying amounts.

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

**6 PROPERTY, PLANT AND EQUIPMENT**

<b>6.1 Reconciliation of Carrying Value</b>	<b>Land</b>	<b>Landfill Sites</b>	<b>Buildings</b>	<b>Infrastructure</b>	<b>Community</b>	<b>Other Assets</b>	<b>Finance lease assets</b>	<b>Other Assets: Game</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>as at 1 July 2011</b>	<b>331,573,305</b>	<b>7,538,455</b>	<b>149,016,754</b>	<b>203,308,172</b>	<b>664,777</b>	<b>8,631,138</b>	<b>9,978,409</b>	<b>2,493,300</b>	<b>713,204,311</b>
Cost/Revaluation	331,573,305	7,538,455	159,293,772	221,087,558	738,641	14,531,429	14,823,618	-	749,588,779
Correction of error (note 41)								2,493,300	2,493,300
Change in accounting policy (note 40)								-	-
Accumulated depreciation and impairment losses	-	-	(10,277,018)	(17,779,386)	(73,864)	(5,900,291)	(4,845,210)	-	(38,875,768)
Acquisitions	-	100,202	1,337,281	25,891,711	724,022	902,279	-	-	28,955,495
Capital under Construction	-	-	-	-	-	-	-	-	-
Depreciation	-	-	(5,138,509)	(6,818,057)	-	(3,797,129)	-	-	(15,753,695)
Carrying value of disposals / Adjustments	-	-	-	-	-	(95,711)	-	-	(95,711)
Cost/Revaluation	-	-	-	-	-	(95,711)	-	-	(95,711)
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-	-
<b>as at 30 June 2012</b>	<b>331,573,305</b>	<b>7,638,657</b>	<b>145,215,526</b>	<b>222,381,828</b>	<b>1,388,799</b>	<b>5,640,577</b>	<b>9,978,409</b>	<b>2,493,300</b>	<b>726,310,400</b>
Cost/Revaluation	331,573,305	7,638,657	180,631,053	246,979,289	1,462,863	15,337,997	14,823,618	2,493,300	780,939,863
Accumulated depreciation and impairment losses	-	-	(15,415,526)	(24,597,443)	(73,864)	(9,697,420)	(4,845,210)	-	(54,829,464)

Refer to Appendix B for more detail on property, plant and equipment

Motor vehicles with a carrying amount of R 9,978,409 of PPE were pledged as security under finance lease agreements.

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

<b>6.2 Reconciliation of Carrying Value</b>	<b>Land</b>	<b>Landfill Sites</b>	<b>Buildings</b>	<b>Infrastructure</b>	<b>Community</b>	<b>Other Assets</b>	<b>Finance lease assets</b>	<b>Other Assets: Game</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>as at 1 July 2010</b>	<b>331,573,305</b>	<b>7,538,455</b>	<b>154,155,283</b>	<b>186,061,800</b>	<b>701,709</b>	<b>10,197,047</b>	<b>8,183,015</b>	-	<b>698,410,695</b>
Cost/Revaluation	331,573,305	7,538,455	159,293,772	197,293,692	738,641	12,229,987	11,351,259	-	722,019,112
Correction of error (note 41)	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	(5,138,509)	(11,231,792)	(36,932)	(4,032,940)	(3,168,245)	-	(23,608,417)
Acquisitions	-	-	-	23,793,866	-	301,442	3,472,359	-	27,567,667
Capital under Construction	-	-	-	-	-	-	-	-	-
Depreciation	-	-	(5,138,509)	(6,547,594)	(36,932)	(1,867,351)	(1,676,965)	-	(15,267,351)
Carrying value of disposals	-	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
*Other movements / Take on's	-	-	-	-	-	-	-	-	-
<b>as at 30 June 2011</b>	<b>331,573,305</b>	<b>7,538,455</b>	<b>149,016,754</b>	<b>203,308,172</b>	<b>664,777</b>	<b>8,631,138</b>	<b>9,978,409</b>	-	<b>710,711,011</b>
Cost/Revaluation	331,573,305	7,538,455	159,293,772	221,087,558	738,641	14,531,429	14,823,618	-	749,588,779
Accumulated depreciation and impairment losses	-	-	(10,277,018)	(17,779,386)	(73,864)	(5,900,291)	(4,845,210)	-	(38,875,768)

Refer to Appendix B for more detail on property, plant and equipment

**6.3 Property, plant and equipment pledged as security**

Motor vehicles with a carrying amount of R 9,978,409 of PPE were pledged as security under finance lease agreements.

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**7 INTANGIBLE ASSETS**

**7.1 Reconciliation of carrying value**

	Computer Software R	Other* R	Total R
<b>as at 1 July 2011</b>	8,365	-	8,365
Cost	50,190	-	50,190
Correction of error (note 48)		-	-
Change in accounting policy (note 47)		-	-
Accumulated amortisation and impairment losses	(41,825)		(41,825)
<b>Acquisitions</b>	1,469	-	1,469
Amortisation	(9,474)	-	(9,474)
<b>Carrying value of disposals</b>	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
<b>Impairment loss/Reversal of impairment loss</b>	-	-	-
Transfers	-	-	-
Other movements	-	-	-
<b>as at 30 June 2012</b>	360	-	360
Cost	51,659	-	51,659
Accumulated amortisation and impairment losses	(51,299)		(51,299)

**7.2 Reconciliation of carrying value**

	Computer Software R	Other* R	Total R
<b>as at 1 July 2010</b>	-	-	-
Cost	-	-	-
Correction of error (note 48)		-	-
Change in accounting policy (note 47)		-	-
Accumulated amortisation and impairment losses	-	-	-
<b>Acquisitions</b>	50,190	-	50,190
Amortisation	(41,825)	-	(41,825)
<b>Carrying value of disposals</b>	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
<b>Impairment loss/Reversal of impairment loss</b>	-	-	-
Transfers	-	-	-
Other movements	-	-	-
<b>as at 30 June 2011</b>	8,365	-	8,365
Cost	50,190	-	50,190
Accumulated amortisation and impairment losses	(41,825)		(41,825)

**8 INVESTMENT PROPERTY**

**8.1 Reconciliation of carrying value**

	Investment property R	Investment property R	Total R
<b>as at 1 July 2011</b>	91,283,592	-	91,283,592
Fair Value	91,283,592	-	91,283,592
Correction of error (note 41)		-	-
Change in accounting policy (note 40)		-	-
Accumulated depreciation and impairment losses	-	-	-
<b>Acquisitions</b>	-	-	-
Depreciation	-	-	-
<b>Carrying value of disposals</b>	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
<b>Impairment loss/Reversal of impairment loss</b>	-	-	-
Transfers	-	-	-
Other movements	-	-	-
<b>as at 30 June 2012</b>	-	-	-
Fair Value	-	-	-
Accumulated depreciation and impairment losses	-	-	-

**8.2 Reconciliation of carrying value**

	Investment property R	Investment property R	Total R
<b>as at 1 July 2010</b>	91,283,592	-	91,283,592
Fair Value	91,283,592	-	91,283,592
Correction of error (note 41)		-	-
Change in accounting policy (note 40)		-	-
Accumulated depreciation and impairment losses	-	-	-
<b>Acquisitions</b>	-	-	-
Depreciation	-	-	-
<b>Carrying value of disposals</b>	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
<b>Impairment loss/Reversal of impairment loss</b>	-	-	-
Transfers	-	-	-
Other movements	-	-	-
<b>as at 30 June 2011</b>	91,283,592	-	91,283,592
Fair Value	91,283,592	-	91,283,592
Accumulated depreciation and impairment losses	-	-	-

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2012 R	2011 R
<b>9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	8,513,650	2,352,767
Advance Payments : Debtors	8,930,202	4,760,780
Advance Payments : Pre Paid Electricity	1,459,653	1,621,370
Leave Pay	11,921,852	10,176,680
Cape Joint Pension Fund Accrual	1,735,003	1,735,003
Other creditors	386,074	5,622,631
<b>Total creditors</b>	<b>32,946,433</b>	<b>26,269,230</b>

\* Financial instruments classified as financial liabilities at amortised cost.

The fair value of trade and other payables approximates their carrying amounts.

**10 CONSUMER DEPOSITS**

Electricity	8,454,429	7,937,497
<b>Total consumer deposits</b>		

Deposits do not accrue interest.

**11 VAT PAYABLE**

VAT payable	2,401,979
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**11 VAT RECEIVABLE**

VAT receivable	1,449,670
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VAT is claimable on the receipts basis. VAT is claimed from SARS only once payment is made on a tax invoice.

**12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**Unspent Conditional Grants from other spheres of Government**

Municipal Infrastructure Grant	6,547,558	4,579,242
Financial Management Grant	-	727,460
Municipal System Improvement Grant	-	968,033
Department of Health	2,609,324	164,646
IEC	288,031	303,546
INFRASTRUCTURE UPGRADE LEVY	1,194,879	925,265
LED PROJECT - RESOURCE GROUP	813,370	528,722
VARIOUS PROJECTS - CHDM WATE	410,062	410,062
MIG COUNTERFUNDING	612,309	621,301
LGW SETA - TRAINING	199,036	2,430
QUEENSTOWN RHINO FUNDS	203,038	193,895
WHITTLSEA EXT 4 ROADS & ST	383,408	383,408
COMPUTERISED LIBRARY SYSTEM	174,700	189,325
LED STRATEGIES & SPATIAL	821,689	821,689
Other	2,023,768	4,651,519
<b>Total Unspent Conditional Grants and Receipts</b>	<b>16,281,172</b>	<b>15,470,541</b>

**Current portion of unspent conditional grants and receipts**

16,281,172

15,470,541

See Note 21 and Appendix C for reconciliation of grants and receipts. These amounts are invested until utilised.

**13 OTHER FINANCIAL LIABILITIES**

Annuit Loans	3,584,205	2,133,584
Finance Leases	4,772,969	4,772,145
	<b>8,357,174</b>	<b>6,905,729</b>
 Less : Current portion transferred to current liabilities		
Local Registered Stock Loans	(4,432,282)	(4,793,791)
Annuit Loans	-	-
Finance Leases	(1,792,521)	(1,303,479)
	<b>(2,639,761)</b>	<b>(3,490,312)</b>
Non current portion: Annuit Loans	1,791,684	830,105
Non current portion: Finance Leases	2,133,208	1,281,833
<b>Total Other Financial Liabilities</b>	<b>3,924,892</b>	<b>2,111,938</b>

Annuity loans are classified as financial liabilities at amortised cost.

Refer to Appendix A for more detail on borrowings.

**14 FINANCE LEASE LIABILITY**

	Minimum lease payment R	Discounted payments R	Future finance charges R
<b>Amounts payable under finance leases</b>			
Within one year	3,735,382	3,060,444	(674,918)
Within two to five years	3,721,782	3,206,510	(515,272)
	<b>7,457,144</b>	<b>6,266,954</b>	<b>(1,190,190)</b>

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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2011	Minimum lease payment R	Discounted payments R	Future finance charges R
<b>Amounts payable under finance leases</b>			
Within one year	4,260,028	3,490,312	(769,716)
Within two to five years	4,955,689	4,269,585	(686,104)
	<b>9,215,717</b>	<b>7,759,897</b>	<b>(1,455,820)</b>

The average lease term is 5 years and the average effective borrowing rate is between 9.0% and 12.84%. Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

**15 NON-CURRENT PROVISIONS**

	2012 R	2011 R
Provision for rehabilitation of landfill sites	18,613,729	17,076,816
<b>Total Non-Current Provisions</b>	<b>18,613,729</b>	<b>17,076,816</b>

With regards to the Provision for Landfill sites: It is stated in the Department of Water Affairs and Forestry "Minimum Requirements for Waste Disposal by Landfill", Second Edition 1998, Chapter 2.3.4, that "All landfills except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be considered closed. Closure will involve, inter alia, the application of final cover, topsoiling, vegetation, drainage maintenance and leachate management." Rehabilitation costs in respect of geohydrological monitoring is anticipated to be a recurring cost for the next 30 years. The future value of the Rehabilitation of landfill sites obligation was calculated by inflating the non current rehabilitation cost to an estimated future cost which was then discounted to present value. -Interest rate used is linked to prime 9% (2011: 9%)

The movement in the non-current provision is reconciled as follows:-

**Provision for rehabilitation of landfill sites:**

Balance at the beginning of year	17,076,816	14,831,438
Contributions to provision	1,536,913	2,245,377
<b>Balance at the end of year</b>	<b>18,613,729</b>	<b>17,076,816</b>

**16 PROPERTY RATES**

<u>Actual</u>		
Residential	30,813,092	-
Commercial	12,228,943	39,333,529
State	1,533,785	-
Agricultural	591,831	-
Educational	2,537,061	-
Municipality	109,839	-
<b>Total property rates</b>	<b>47,814,551</b>	<b>39,333,529</b>
Property rates - interest imposed and collection charges on rates	2,231,616	473,753
<b>Total</b>	<b>50,046,167</b>	<b>39,807,282</b>

Valuations

Residential	5,204,684,094	2,721,124,251
Commercial	1,630,289,723	951,512,873
State	242,032,426	166,347,389
Education	374,467,167	292,097,625
Agricultural	518,935,450	120,113,248
Municipal	320,055,926	732,689,636
<b>Total Property Valuations</b>	<b>8,290,464,786</b>	<b>4,983,885,022</b>

Valuations on land and buildings are performed every 4 years. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and revaluations. The municipality made use of Kula Valuations through the tender process to perform this function. Rebates of the first R15 000 on the value of residential properties are granted.

The municipality implemented the new property rates valuations from 1 July 2009 in terms of the new property rates act. The following tariffs were charged to the various categories in terms of the policy of the council.

Residential	R 0.00624
Businesses, Commercial, Industrial	R 0.00780
Educational	R 0.00624
Public Service Infrastructure	R 0.00157
Vacant Land	R 0.02741

Rates are levied on an annual basis with the final date of payment being 30 September for annual payers. The rates levied for monthly payers are payable over a period of twelve equal instalments. Interest at 1% above prime per annum is levied on outstanding rates as soon as accounts are overdue.

**17 SERVICE CHARGES**

Sale of electricity	134,789,448	112,211,547
Refuse removal	20,959,571	18,194,511
Septic Tanks	54,564	90,895
<b>Total Service Charges</b>	<b>155,803,583</b>	<b>130,496,954</b>

**18 RENTAL OF FACILITIES AND EQUIPMENT**

Rental of Premises	1,818,145	929,201
Rental of Grounds	99,454	41,269
Rental of facilities	522,528	490,262
Rental of equipment	38,067	8,200
<b>Total rentals</b>	<b>2,478,194</b>	<b>1,468,931</b>

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2012 R	2011 R
<b>19 INTEREST EARNED - INVESTMENTS</b>		
Bank	2,745,715	1,131,950
Deposits	5,107,464	4,070,515
<b>Total Interest</b>	<b>7,853,180</b>	<b>5,202,465</b>
<b>20 INTEREST EARNED - TRADING</b>		
Service debtors	8,570,588	8,448,319
<b>Total interest</b>	<b>8,570,588</b>	<b>8,448,319</b>
<b>21 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>NATIONAL GOVERNMENT</b>		
Equitable share	96,062,000	86,907,672
Finance Management	2,227,460	1,148,593
Municipal Systems Improvement	1,758,033	49,619
EPWP Incentive	1,096,000	
Integrated National Electrification Programme	1,000,000	78,075
Municipal Infrastructure Grant	24,511,684	21,331,361
<b>PROVINCIAL GOVERNMENT</b>		
Health	2,779,509	8,131,256
Seta Funds	275,211	
Public Works: EPWP	766,000	
Housing Grants	1,797,515	1,355,787
IEC	15,515	428,270
MSP Funds	26,785	
Computerized Library System	14,625	
Planning of Shiloh Greenfields	117,113	254,950
Brakkoef Settlement Planning	39,038	
Service: Informal Settlements		69,045
Fire Services	(27,809)	55,814
Whittlesea Ext 4 Roads & Stormwater		110,490
LED PROJECT - Resource Group		166,329
Small Micro Strategy & Hawkers		118,099
<b>OTHER GRANTS AND SUBSIDIES</b>		
Upgrade Electricity Network 1.5c/kw	813,289	2,646,879
Queenstown Rhino Funds	1,400	5,541
MIG Counterfunding	8,992	
Integrated Development Plan	(6,372)	
Sinthemba Organization	1,376	
Insurance	169	
Sundry Grants		594,663
<b>CHRIS HANI DISTRICT MUNICIPALITY</b>		
Water and Sanitation Subsidy		31,840,452
Aids		1,856
Library Subsidy	2,203,714	
Budget Outreach	144,782	
Beautification	1,290,005	
<b>Total Grant and Subsidies</b>	<b>136,916,030</b>	<b>155,294,751</b>
<b>21.1 Equitable Share</b>		
In terms of the Constitution, this grant is used mainly to subsidise the provision of basic services to indigent community members. All registered indigents are to pay only a monthly account of R50(2011: R50), which is funded from the grant. A total of 50kwh is also supplied to indigents on a monthly basis.		
<b>21.2 MIG Grant</b>		
Balance unspent at beginning of year	(4,579,242)	(4,579,242)
Current year receipts	(26,480,000)	
Conditions met - transferred to revenue	24,511,684	
Conditions still to be met - remain liabilities (see note 13)	<b>(6,547,558)</b>	<b>(4,579,242)</b>
<b>21.3 Other Government Grants and Subsidies</b>		
Balance unspent at beginning of year	(10,891,299)	(10,891,299)
Current year receipts	(6,904,482)	
Conditions met - transferred to revenue	8,062,168	
Conditions still to be met - remain liabilities (see note 13)	<b>(9,733,613)</b>	<b>(10,891,299)</b>
<b>21.4 Changes in levels of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming financial years.		3
<b>22 OTHER INCOME</b>		
Availability Charges: Electricity	221,836	
Connection Fee: Electricity	1,193,948	358,795
Connection Fee: Private Works	38,094	84,588
Reconnection Fee: Electricity	222,654	255,708
Tampering: Electricity	165,124	383,390
Contribution: WSSA	170,867	157,723
Access to Info Fees	54	379
Advert Costs	13,005	4,694
Building Plan Fees	394,780	473,896
Burial Fees	466,121	711,254
Certificates: Valuation	12,725	7,174
Commission on RD Cheques	1,620	1,632
Commission on Stop Orders	72,869	78,634

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
Community Levy	180,602	181,800
Digging of Graves	384,256	227,403
Encroachment Fees	4,013	3,713
Fire Brigade Fees	1,075	880
Gate Monies	77,742	75,035
Grazing Fees	6,000	5,500
Hunting Packages	112,185	86,771
Internet	1,063	2,987
Lost Books & Records	546	845
Parking Meter Fees	50,535	68,471
Patient Retain Cards	160	55,350
Photocopies	57,959	74,495
Plan Fees	2,527	8,103
Plot Fees	152,029	113,536
Pound Fees	510,107	1,063,758
Pound Sales	434,419	1,219,298
Project Fees	1,073,459	1,292,524
Rentals: Carports	5,889	6,456
Rentals: Street Signs	39,278	41,493
Rezoning Fees	6,750	2,214
Roadworthy Certificates	376,375	557,827
Sale of Newspapers & Magazines	32	96
Sale of Plants	3,343	7,874
Sale of Refuse Bags	57,951	52,666
Search Fees	5,226	3,270
Special Permits	221,676	204,600
Sundry Revenue	5,066,974	2,277,116
Surplus Cash	4,734	1,869
Swimming Bath Fees	8,527	8,259
Testing - Electricity Meters	6,005	7,385
Tip Fees	64,193	54,003
User Fees	180	360
Clean-up Projects	4,360	-
Administration Charges	7,950	3,750
Rates Charges	(1,638)	
Sewerage Charges	(10,597)	
Water Charges	(4,180)	
<b>Total Other Income</b>	<b>11,885,359</b>	<b>10,227,573</b>

**23 EMPLOYEE RELATED COSTS**

Salaries	51,237,312	51,829,648
Leave Bonus	4,563,542	4,152,413
Service Bonus	889,231	444,400
Overtime	4,491,404	3,728,087
Housing Subsidies	264,026	236,242
Telephone Allowance	6,777	17,333
Transport Allowance	2,916,955	2,790,968
Uniforms/Protective Clothing Allowance	421,649	406,130
Night Shift Services	788,763	660,551
Other Allowances	45,054	27,037
Contract Workers	8,638,185	7,657,674
Pension Contribution Salaries	9,891,674	10,223,976
Medical Aid Contributions	5,054,381	5,452,960
Group Life Insurance	491,565	477,333
UIF Contributions	518,799	515,126
Workmens Compensation	-	(0)
<b>Total Employee Related Costs</b>	<b>90,219,318</b>	<b>88,619,877</b>

**Remuneration of the Municipal Manager**

Annual Remuneration	897,394	608,131
Performance- and other bonuses	90,235	-
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy etc.)	216,438	88,161
<b>Total</b>	<b>1,204,067</b>	<b>696,292</b>

**Remuneration of the Chief Finance Officer**

Annual Remuneration	763,349	363,064
Performance- and other bonuses	58,752	-
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy etc.)	68,508	151,468
<b>Total</b>	<b>890,609</b>	<b>514,532</b>

**Remuneration of Individual Executive Directors**

	Technical Services R	Corporate Services R	Community Services R	Human Settlements R
<b>2012</b>				
Annual Remuneration	648,236	512,560	568,760	478,547
Performance- and other bonuses	72,113	45,370	81,899	59,149
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy etc.)	67,687	83,501	160,976	248,273
<b>Total</b>	<b>788,037</b>	<b>641,431</b>	<b>811,634</b>	<b>785,969</b>

**2011**

	Technical Services R	Corporate Services R	Community Services R	Human Settlements R
Annual Remuneration	663,314	518,153	525,183	501,142
Performance- and other bonuses	-	26,764	-	-
Other (Pension, Transport, Medical Aid, UIF, Housing Subsidy etc.)	60,000	162,632	84,503	95,059
<b>Total</b>	<b>723,314</b>	<b>707,549</b>	<b>609,686</b>	<b>596,201</b>

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

2012	2011
R	R
636,435	13,874
512,890	555
3,967,584	-
<u>10,689,464</u>	<u>14,264,691</u>
<b>15,806,373</b>	<b>14,279,120</b>

#### 24 REMUNERATION OF COUNCILLORS

Executive Mayor	636,435	13,874
Speaker	512,890	555
Executive Committee Members - 9	3,967,584	-
Councillors' allowances - 43	10,689,464	14,264,691
<b>Total Councillors' Remuneration</b>	<b>15,806,373</b>	<b>14,279,120</b>

### In-kind Benefits

**The Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.**

**The Executive Mayor has use of a Council owned vehicle for official duties.**

## 25 DEPRECIATION AND AMORTISATION

<b>Property, plant and equipment</b>	<b>15,763,169</b>	<b>15,309,174</b>
<b>Total Depreciation and Amortisation</b>	<b>15,763,169</b>	<b>15,309,174</b>

## 26 FINANCE COSTS

<b>Finance Leases</b>	1,369,167	949,656
Bank overdrafts	53	
Interest on landfill site provision for rehabilitation	1,536,913	2,536,107
Other interest paid - Retirement Benefit Costs	3,699,000	4,148,000
<b>Total Finance Costs</b>	<b>6,605,133</b>	<b>7,633,763</b>

## 27 BULK PURCHASES

<b>Electricity</b>	<b>117,892,863</b>	<b>95,041,763</b>
<b>Total Bulk Purchases</b>	<b>117,892,863</b>	<b>95,041,763</b>

## 28 CONTRACTED SERVICES

Contracted services for:		
Security services	2,125,461	1,892,158
Maintenance	156,709	51,127
	<hr/>	<hr/>
	<b>2,282,171</b>	<b>1,943,285</b>

**29 EXPENDITURE FORM GRANTS AND SUBSIDIES**

Operational expenses from grants	7,279,845	6,267,500
	<b>7,279,845</b>	<b>6,267,500</b>

Refer Appendix C for detail.

### **30 GENERAL EXPENSES**

**Included in general expenses are the following:-**

Advertising	194,385	229,372
Agency Fees	1,070,123	917,118
Ammunition	368	-
Audit fees	2,447,923	1,857,005
Bank charges	971,397	812,286
Chemicals & Laboratory Services	150,843	121,302
Clean-up Projects	-	94,959
Compost & Fertilizer	4,952	6,330
Conferences and delegations	1,445,106	719,087
Consulting fees	319,431	29,521
Contract Disbursement	-	10,818
Departmental consumption - Electricity	1,233,203	898,996
Departmental consumption - Rates	80,268	20,034
Departmental consumption - Refuse	3,494	2,270
Departmental consumption - Sewerage	94,405	81,672
Departmental consumption - Water	383,617	328,138
Digging of Graves	16,644	352,930
Drivers: Licences	665,835	378,632
Entertainment	778,184	209,808
Feeding	408,180	485,640
Firebreaks	6,295	8,250
Fuel and oil	4,947,052	4,342,534
Furniture & Equipment	124,728	143,397
Herding Fees	54,498	185,596
Horticulture	4,099	-
Insurance	676,449	791,768
Laundry	305	1,054
Lease Rentals	1,655,712	1,373,349
Leave Gratuity Fund	3,467,917	-
Legal expenses	1,188,237	649,193
Levies paid	1,612,104	1,538,165
Licence fees - vehicles	338,179	251,972
Medical Examination	3,131	19,429
Misc Fees: Roadworthy Certificates	9,701	26,987
Motor Vehicle Expenses	145,350	392,021
Musical Rights	12,986	2,193
Pauper Burials	41,274	16,292
PDP Licences	-	11,697
Post retirement medical aid - Service Charge	2,630,000	3,311,000
Postage	1,080,477	834,713
Postage	17,860	43,672

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
Printing and stationery	815,376	772,444
Projects	5,423,479	-
Promotions	8,062	12,350
Removal Expenses Reserve	20,845	-
Road Signs	116,511	47,217
Safety: Nosa	3,677	-
Software	5,175	6,835
SPCA Contribution	137,500	150,000
Stocks and material	535,324	507,884
Streets	353,413	354,853
Subscription & publication	68,031	5,039
Tempering-Electricity	1,600	36,100
Telephone cost	2,783,789	1,940,868
Tools & Equipment	47,562	29,028
Town Planning	16,360	3,104
Training	766,055	606,989
Transfer Fees	42,393	41,312
Travel and subsistence	799,804	571,478
Valuation costs	612,037	-
Women / Youth / Disabled	332,135	261,123
World Aids Day	10,629	800
Other	45,153	-
	<b>41,229,621</b>	<b>26,846,624</b>

**31 GAIN / (LOSS) ON SALE OF ASSETS**

Property, plant and equipment	1,713,547	9,355,927
<b>Total Gain / (Loss) on Sale of Assets</b>	<b>1,713,547</b>	<b>9,355,927</b>

**32 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)**

Property, plant and equipment	-	-
<b>Total Impairment loss / (Reversal of Impairment Loss)</b>	<b>-</b>	<b>-</b>

**33 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT**

No fair value adjustment was done.

**34 CASH GENERATED BY OPERATIONS**

Surplus/(deficit) for the year	72,946,800	55,590,953
Adjustment for:-		
Depreciation and amortisation	15,763,169	15,309,176
(Gain) / loss on sale of assets and liabilities	(1,713,547)	(14,591,927)
Finance costs - Finance leases		949,656
Impairment deficit		2,471,135
Debt impairment		57,530,576
Movements in retirement benefit assets and liabilities	(3,965,000)	963,000
Movements in provisions	1,536,913	2,245,378
Biological Assets and Assets Transferred	(2,397,589)	
Prior year transactions	5,290,431	(119,416)
<b>Changes in working capital:</b>		
Trade and other receivables from exchange transactions	(6,448,028)	(24,482,330)
Other receivables from non-exchange transactions	(4,234,959)	627,407
Consumer debtors	(6,319,319)	(46,190,290)
Trade and other payables from exchange transactions	6,677,204	(6,562,192)
VAT	3,851,648	2,303,751
Unspent conditional grants and receipts	810,630	(21,160,404)
Consumer deposits	516,932	334,785
	<b>82,315,286</b>	<b>25,219,258</b>

**35 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	176,729,059	124,999,536
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>176,729,059</b>	<b>124,999,536</b>

**36 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

Long-term liabilities (see Note 14)	8,357,174	6,905,729
Used to finance property, plant and equipment – at cost	(8,357,174)	(6,905,729)
<b>Sub-total</b>	<b>-</b>	<b>-</b>
Cash set aside for the repayment of long-term liabilities		
<b>Cash Invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

2012	2011
R	R

**37 CORRECTION OF PRIOR PERIOD ERROR**

10/11		
Adjustment to appropriation account (information was not available in respect of this balance at the date of submission)		119,416
11/12		
Adjustment to appropriation account in respect of transaction that should have been affected in the prior year such as under and over creditors provision, under and over billing of services etc. (Detail information was not available in respect of this balance at the date of submission)	5,290,431	
Net effect on surplus/(deficit) for the year	<u>5,290,431</u>	<u>119,416</u>

**38 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

**38.1 Unauthorised expenditure**

Loan taken up, not budgeted for	1,664,000	
Less: Amounts Approved/Certified by Council	<u>(1,664,000)</u>	
Reconciliation of irregular expenditure	-	

**38.2 Fruitless and wasteful expenditure**

Airticket - Director: Technical Services	4,123	
SARS - Penalties and interest on late submissions	788,062	4,817
Opening balance -		
Fruitless and wasteful expenditure current year	8,940	
Less: Amounts Approved/Certified by Council	<u>(8,940)</u>	
Total fruitless and wasteful expenditure	<u>788,062</u>	<u>8,940</u>

**38.3 Irregular expenditure**

Section of Supply Chain Management Policy	3,521,411	
Less: Amounts Approved/Certified by Council	<u>(3,521,411)</u>	
Reconciliation of irregular expenditure	-	36,538,226

Opening balance

Irregular expenditure current year	3,521,411	
Less: Amounts Approved/Certified by Council	<u>(40,059,637)</u>	
Irregular expenditure awaiting condonement	-	-

**39 ELECTRICITY DISTRIBUTION LOSSES**

The municipality incurred electricity distribution losses in the current year estimated 42% (2011:31%).

**40 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**40.1 Contributions to organised local government**

Council subscriptions	627,590	
Amount paid - current	<u>(627,590)</u>	
Balance unpaid (Included in payables)	-	

**40.2 Audit fees**

Current year audit fee	2,447,923	
Amount paid - current year	<u>(2,447,923)</u>	
Balance unpaid (Included in payables)	-	

**40.3 VAT**

VAT input receivables and VAT output payables are shown in note 12. All VAT returns have been submitted by the due date throughout the year.

**40.4 PAYE and UIF**

Current year payroll deductions	12,909,738	
Amount paid - current year	<u>(12,909,738)</u>	
Balance unpaid (Included in payables)	-	

**40.5 Pension and Medical Aid Deductions**

Current year payroll deductions and Council Contributions	26,651,852	
Amount paid - current year	<u>(26,651,852)</u>	
Balance unpaid (Included in payables)	-	

**40.6 Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at: -	Total	Outstanding less than 90 days		Outstanding more than 90 days
		R	R	
as at 30 June 2012				
Councillor Van Heerden BD/I	94	94		-
Councillor Jocki TM/S	3,220	770		2,450
Councillor Njozela DD	8	8		-
Councillor Mandile JT/NE	565	565		-
Councillor Snyders MB	134	134		-
Councillor Hokolo MS	2,749	144		2,605
Councillor Rani BG	216	216		-
Councillor Ndabambi B	1,183	104		1,079
Councillor Dyan M	198	198		-
Councillor Xulubana NT	230	230		-
Councillor Pambo NC	4,220	1,686		2,535
Councillor Matiwane MM	253	253		-
Councillor Xheleliso M	14,923	214		14,709

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012	2011
	R	R
Councillor Sokupe LC	3,872	106
Councillor Nquma NP	10,422	253
Councillor Mngese BE	536	401
Councillor Siyo MN	29,287	1,057
Councillor Ndinise ME	3,256	136
Councillor Blekiwe M	28,104	908
Councillor Mnyaka M	10,679	245
Councillor Bokuya AV	4,435	355
<b>Total Councillor Arrear Consumer Accounts</b>	<b>118,585</b>	<b>8,077</b>
		<b>110,507</b>

**as at 30 June 2011**

Councillor Blekiwe M	22,652	841	21,811
Councillor Bokuya MH	2,851	293	2,558
Councillor De Wet JC	19,828	19,828	-
Councillor Dyan ML	1,323	232	1,091
Councillor Dyantyi SR	151	151	-
Councillor Dywili ZA/H	308	308	-
Councillor Gaju SL	321	321	-
Councillor Gwantshu MZ	501	501	-
Councillor Heyman RL	220	220	-
Councillor Hokolo MS	2,083	243	1,840
Councillor Jikeli LE	21,206	1,003	20,203
Councillor Jocki TM/S	8,292	8,292	-
Councillor Mamdile JT/NE	2,123	2,123	-
Councillor Mantasha TP	656	341	315
Councillor Maqungo NL	692	170	522
Councillor Mnyaka M	24,129	994	23,135
Councillor Ndaliso MR	1,872	595	1,277
Councillor Nontsela MH	155	155	-
Councillor Shaw JM	470	470	-
Councillor Snyders A	293	293	-
Councillor Tsotetsi EN	139	139	-
<b>Total Councillor Arrear Consumer Accounts</b>	<b>110,265</b>	<b>37,513</b>	<b>72,752</b>

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

**Highest Amount Outstanding**  
**R**

**as at 30 June 2012**

Councillor Van Heerden BD/I	94
Councillor Jocki TM/S	3,220
Councillor Njozeila DD	8
Councillor Mandile JT/NE	565
Councillor Snyders MB	134
Councillor Hokolo MS	2,749
Councillor Rani BG	216
Councillor Ndabambi B	1,183
Councillor Dyan M	198
Councillor Xulubana NT	230
Councillor Pambo NC	4,220
Councillor Matiwane MM	253
Councillor Xhelisilo M	14,923
Councillor Sokupe LC	3,872
Councillor Nquma NP	10,422
Councillor Mngese BE	536
Councillor Siyo MN	29,287
Councillor Ndinise ME	3,256
Councillor Blekiwe M	28,104
Councillor Mnyaka M	10,679
Councillor Bokuya AV	4,435
	<b>118,585</b>

**as at 30 June 2011**

Councillor Blekiwe M	22,652
Councillor Bokuya MH	2,851
Councillor De Wet JC	19,828
Councillor Dyan ML	1,323
Councillor Dyantyi SR	151
Councillor Dywili ZA/H	308
Councillor Gaju SL	321
Councillor Gwantshu MZ	501
Councillor Heyman RL	220
Councillor Hokolo MS	2,083
Councillor Jikeli LE	21,206
Councillor Jocki TM/S	8,292
Councillor Mamdile JT/NE	2,123
Councillor Mantasha TP	656
Councillor Maqungo NL	692
Councillor Mnyaka M	24,129
Councillor Ndaliso MR	1,872
Councillor Nontsela MH	155
Councillor Shaw JM	470
Councillor Snyders A	293
Councillor Tsotetsi EN	139
	<b>110,265</b>

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	2012 R	2011 R
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**41 CAPITAL COMMITMENTS**

**41.1 Commitments in respect of capital expenditure**

- Approved and contracted for	16,047,558	10,648,991
Infrastructure	6,547,558	4,634,523
Community		6,014,468
Other - Plant for Roads Unit		-
<b>Total</b>	<b>16,047,558</b>	<b>10,648,991</b>

This expenditure will be financed from:

- External Loans	6,547,558	10,648,991
- Government Grants	9,500,000	
- Own resources	16,047,558	10,648,991

**42 Operating leases**

At the reporting date the entity has no outstanding commitments under operating leases.

**43 RETIREMENT BENEFIT INFORMATION**

**Defined benefit plan**

The following are defined benefit plan: Post retirement medical aid contributions.

The movement in the post employment medical benefit is reconciled as follows:-

Balance at beginning of year	(61,274,461)	(60,311,461)
Benefit Payments/Membership Movements	6,539,000	(3,186,000)
<b>Reflected on the statement of financial performance:</b>		
Service and Interest Cost	6,329,000	7,459,000
Actuarial (Gain)/loss recognised in the year	(8,903,000)	(5,236,000)
<b>Balance at end of year</b>	<b>(57,309,461)</b>	<b>(61,274,461)</b>
Non-current liabilities	(55,918,461)	(59,881,693)
Current Liabilities	(1,391,000)	(1,392,768)
<b>Balance at end of year</b>	<b>(57,309,461)</b>	<b>(61,274,461)</b>
<b>Net expenses recognised in the statement of financial performance</b>		
Current Service cost	2,630,000	3,311,000
Interest Cost	3,699,000	4,148,000
Actuarial (gains) losses	(8,903,000)	(5,236,000)
	(2,574,000)	2,223,000

The actuarial gain/loss at the end of 30 June 2012 amounted to R8,903,000.

The amount of the liability shown in the balance sheet is the present value of the obligation less the fair value of any plan assets held in respect of the post-retirement medical scheme. There are no plan assets in this valuation.

**Sensitivity Analysis**

**Changes in medical inflation**

Sensitivity to medical inflation		
-1	Base	1
R 49,103,000	R 57,309,461	67,543,000
-16.71%		17.86%

**Assumptions used.**

<b>Descriptions</b>	<b>Assumptions</b>
Pre retirement mortality	SA(85/90) normal
Post retirement mortality	PA(90)M, PA(90)F
AIDS	Not allowed for
Normal retirement age	60 years before 1 April 2000 and 65 years after 1 April 2000

<b>Age difference</b>	Actual information applicable to each Lukhanji Municipality employee
Take up rate	100% of active employees at retirement
Discount rate	Zero-coupon South African Bond yield curve

<b>Medical inflation</b>	1.50% p.a. lower than the discount rate and 3.00% p.a. higher than CPI
Salary inflation	2.00% p.a. higher than CPI

<b>CPI - "a curve assumed"</b>	A curved assumed to be 3.0% lower than the discount rate
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**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

**44 CONTINGENT LIABILITY**

- 1. Matter: Lukhanji Municipality vs. Achuma Construction:** This claim against the Municipality for construction work, which should be successfully defended. The Municipality has paid this amount claimed to a Cessionary in full and final (including costs and disbursements) : R120 000.00 (Status of case: Current)
- 2. Matter: Lukhanji Municipality vs. Director General, Dept of Labour:** This is a suspended fine in respect of an Employment Equity related matter, which we have been advised has been taken care of. Legal Counsel's estimate of the financial exposure (including cost and disbursements) : R500 000.00 (Status of case: Unknown)
- 3. Matter: Lukhanji Municipality vs. Guidos:** No summons has been issued in this matter and only a Letter of Demand has been submitted to the Municipality. This is a damages claim and the prospects of successfully defending the matter is good. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R1 500 000.00 (Status of case: Letter of Demand received)
- 4. Matter: Lukhanji Municipality vs. Hlulani, S P :** This matter is part-heard and should be finalised in the next year. Client's prospects of successfully defending this action are good. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R55 000.00 (Status of case: Pending)
- 5. Matter: Lukhanji Municipality vs. Magqabi, A V :** This is an Application for the transfer of immovable property, which is being opposed by client. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R250 000.00 (Status of case: Pending)
- 6. Matter: Lukhanji Municipality vs. Mekile & 7 Others:** This is a Summons which was issued against the Municipality for a damages claim relating to the impounding of stock. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R45 000.00 (Status of case: Pending)
- 7. Matter: Lukhanji Municipality vs. Meliziswe International Property:** The matter was defended by the Municipality and the Plaintiff has not proceeded with the matter. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R1 700 000.00 (Status of case: Pending)
- 8. Matter: Lukhanji Municipality vs. Mmodana, B M :** The Legal Resources Centre has brought an Application to the High Court for an Order declaring the Pound Legislation unconstitutional. The Municipality was cited as a Respondent in this matter, but has decided not to oppose the matter and we currently await an outcome from the Court. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R50 000.00 (Status of case: Pending)
- 9. Matter: Lukhanji Municipality vs. Motille A :** This is an action which the Municipality is defending and which the Plaintiff has failed to set down for trial. The Plaintiff appears to have lost interest in the claim and the matter is currently being monitored only. Legal Counsel's estimate of the financial exposure (including cost and disbursements) : R150 000.00 (Status of case: Pending)
- 10. Matter: Lukhanji Municipality vs. Mpande, Z :** In this particular matter the Municipality is litigating against the entity in terms of certain building regulation contraventions. Legal Counsel's estimate of the financial exposure (including cost and disbursements) : R15 000.00 (Status of case: Pending)
- 11. Matter: Lukhanji Municipality vs. Mpemba, S D :** This is an application to re-instate the Applicant as a Councillor and to back pay allowances due to the Councillor after his removal from office. The Applicant has been unable to progress the matter and the Municipality has a Cost Order which it is trying to recover from the Applicant. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R50 000.00 (Status of case: Pending)
- 12. Matter: Lukhanji Municipality vs. Nofemele, B S & Others:** An Application by Nofemele & others regarding certain immovable property, which matter has become settled. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R25 000.00 (Status of case: Pending)
- 13. Matter: Lukhanji Municipality vs. Nondumo, S :** This is a claim for salary due to the entity and which we have recently been instructed with. We have no further information and cannot pronounce on the prospects of success at this stage. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R50 000.00 (Status of case: Letter of Demand received)
- 14. Matter: Lukhanji Municipality vs. SALA Pension Fund :** This matter was heard in the High Court in Grahamstown during September 2011. We are currently awaiting Judgement. The Application goes to the increase of Employer contributions to the SALA Pension Fund and the dispute related to the backdating of the implementation dates. Counsel was satisfied that we had reasonable prospects of success relating to a large portion of the claim. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R1 600 000.00 (Status of case: Pending)
- 15. Matter: Lukhanji Municipality vs. SAMWU obo Cata and 45 Others :** In this matter Cata and 45 others are claiming salaries backdated to a decision by the Whittlesea Transitional Local Council to upgrade the Municipality and accordingly upgrade their own salaries. This matter has been opposed in the Labour Court, Port Elizabeth and we are reasonably satisfied that the Municipality have good prospects of succeeding in opposing this Application. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R75 000.00 (Status of case: Pending)
- 16. Matter: Lukhanji Municipality vs. SAMWU obo Mayekiso, S :** In this matter Mayekiso was dismissed and on Arbitration was re-instated. We were instructed to have the decision of the Arbitrator taken on review and this matter is awaiting the set down of a trial date. Counsel is reasonably satisfied of our prospects of success and we are currently instructed regarding possible settlement negotiations. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R75 000.00 (Status of case: Pending)
- 17. Matter: Lukhanji Municipality vs. SAMWU obo Mjobo, V W :** In this matter in the entity Mjobo was dismissed and on Arbitration was re-instated. We were instructed to launch an Application to have the decision of the Arbitrator reviewed and set aside and this matter is currently awaiting a date for hearing in the Labour Court, Port Elizabeth. We are lead by Counsel and are reasonably satisfied of our prospects of success. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R75 000.00 (Status of case: Pending)
- 18. Matter: Lukhanji Municipality vs. Siyahlutha Developers :** This is a High Court Summons issued against the Municipality and the Department of Public Works for payment of monies due to an alleged bridge of contract. This matter is pending and a trial date is awaited. We are satisfied that there are reasonable prospects of successfully defending this action. Legal Counsel's estimate of the financial exposure (including costs and disbursements) : R2 500 000.00 (Status of case: Pending)
- 19. Matter: Lukhanji Municipality vs. Skweyiya, B :** In this matter the Plaintiff has sued a Councillor of the Municipality for damages. This matter is being defended and we are currently awaiting a trial date. Legal Counsel's estimate of the financial exposure (including cost and disbursements) : R150 000.00 (Status of case: Pending)
- 20. Matter: Lukhanji Municipality vs. Tyalithi Family Trust :** This is an Application in terms of the Building Regulations and will be heard in the High Court in due course. We are reasonably satisfied of our prospects of success. Legal Counsel's estimate of the financial exposure (including cost and disbursements) : R50 000.00 (Status of case: Pending)
- 21. Matter: Lukhanji Municipality vs. M. Peitenberg :** This is an claim against the Municipality for Collision. : R707 373.24 (Status of case: Pending)
- 22. Matter: Lukhanji Municipality vs. Mpemba & another :** This is an claim against the Municipality for dismissal of a Councillor. : Amount: Unknown (Status of case: Pending)
- 23. Matter: Lukhanji Municipality vs. Richard & Linganiso :** Summon with case number 2242/10 . claim against the municipality for damages, Impounding of live stock that caused death : R62 000.00 (Status of case: Pending)
- 24. Matter: Lukhanji Municipality vs. Bulelwa Gidzana :** Summon with case number 1078/2011. Claim for damage of child who was injured in Ezibeleni playing with Concrete pipes. : R50 000.00 (Status of case: Pending)
- 25. Matter: Lukhanji Municipality vs. J A Smuts :** Matter still awaiting for issue of Summon. : R44 750.00 (Status of case: Pending)
- 26. Matter: Sum of claims from Smith Tabata :** Matter still not finalised. : R220 000.00 (Status of case: Pending)

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**27. Guarantees: Collateral invested by the Municipality on behalf of employees.** (Disclosed under investments) Value: R79 639.15

The municipality is awaiting an updated listing from their attorneys.

**45 CONTINGENT ASSET**

None

**46 IN-KIND DONATIONS AND ASSISTANCE**

None

**47 EVENTS AFTER THE REPORTING DATE**

There are no events to report upon.

**48 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

*Trade receivables and/or loans and receivables*

The municipality assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

*Fair value estimation*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

*Impairment testing*

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

*Provisions*

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in notes 13.

*Useful lives of infrastructure assets*

The municipality's management determines the estimated useful lives and related depreciation charges for infrastructure assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

*Post retirement benefits*

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

*Effective interest rate*

The municipality used the prime interest rate x 85% (± equal to borrowing rate from DBSA) to discount future cash flows.

*Allowance for doubtful debts*

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

**49 RISK MANAGEMENT**

**49.1 Market Risk**

The municipal activities expose it primarily to the risk of fluctuations in the interest rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis showing how the Statement of Financial Position would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

**49.2 Credit risk exposure**

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Customers cannot be refused basic services and so constitutes a serious credit risk. A credit control policy is in place so as to minimise the risk but is all dependant on the political will for execution to control the credit risk. Large consumers may have to produce large guarantees and/or deposits to minimise the credit risk.

**LUKHANJI MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

	2012 R	2011 R
--	-----------	-----------

Financial assets exposed to credit risk at year end were as follows:

ABSA Bank	73,666,772	27,250,235
Short term investments	103,035,295	97,722,309
Trade and other receivables	140,946,986	126,887,669

These balances represent the maximum exposure to credit risk.

#### 49.3 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

#### Maturity Analysis

	0 - 1 Year	2 Years	3 Years+	Total
<b>2012</b>				
Trade Payables	8,513,650			8,513,650
Finance Lease liability	3,124,990	1,037,497	2,887,395	7,049,882
Bank borrowings	1,268,875	0	0	0
<b>2011</b>	<b>0 - 1 Year</b>	<b>2 Years</b>	<b>3 Years+</b>	<b>Total</b>
Trade Payables	2,620,505			2,620,505
Finance Lease liability	3,270,023	4,995,714		8,265,737
Bank borrowings	1,005,833	2,500,033		3,505,866

#### 49.4 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits	103,035,295	97,722,309
- Finance Lease Liabilities	7,049,882	9,199,420
- Development Bank of South Africa loan	1,307,292	2,500,100

#### 49.5 Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting dates. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis point increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below.

As the municipality does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits	103,035,295	97,722,309
- Finance Lease Liabilities	7,049,882	9,199,420
- Development Bank of South Africa loan	1,307,292	2,500,100

#### Sensitivity Analysis

##### Changes in interest rates

Changes in the difference between the interest rates have an impact on the results. In the following table, we show the effects on the central basis results (as shown above) of both increasing and decreasing the interest rate by 1% throughout, whilst keeping all other assumptions constant:

Development Bank of South Africa Loan

Finance Lease Liabilities

	Sensitivity to interest rate risk		
	-1%	Base	+1%
3,548,363	3,584,205	3,620,047	
4,725,239	4,772,969	4,820,699	

#### 50 COMPARISON WITH THE BUDGET

	2011 Budget R	2011 Actual R	2012 Budget R	2012 Actual R
<b>Revenue by Source</b>				
Property rates	37,448,001	39,333,529	40,443,841	47,814,551
Service Charges - Electricity revenue	115,606,136	112,211,547	143,898,365	136,593,011
Service Charges - Water revenue	23,758,156	0	19,862,477	0
Service Charges - Sanitation revenue	14,159,079	0	14,874,570	0
Service Charges - Refuse revenue	18,351,427	18,194,511	19,823,960	20,959,571
Rental of facilities and equipment	1,350,323	1,468,931	2,349,969	2,478,194
Interest earned - external investment	2,010,000	5,202,465	2,110,500	7,853,180
Interest earned - outstanding debtors	16,282,882	8,448,319	20,608,878	8,570,588
Fines	503,830	729,473	300,992	380,285
Licences and permits	4,764,516	8,644,085	7,882,242	7,662,959
Agency services	43,436,199	0	38,179,361	2,348,496
Property rates - interest imposed	0	473,753	2,109,456	2,231,616
Other service charges	0	90,895	83,188	92,658
Transfers recognised - Operational	108,944,978	125,331,362	111,953,405	108,154,221
Other revenue	12,282,000	40,154,862	16,777,123	11,162,840
Gain on disposal of PPE	0	0	1,713,547	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>398,897,527</b>	<b>380,283,733</b>	<b>441,238,327</b>	<b>358,015,715</b>

**LUKHANJI MUNICIPALITY**  
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<b>Expenditure by Type</b>	<b>2011</b>	<b>2011</b>	<b>2012</b>	<b>2012</b>
	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
Employee related costs	104,136,917	88,619,877	109,112,345	90,219,318
Remuneration of councilors	14,404,187	14,279,120	16,412,913	15,806,373
Administration Costs	0	-8,564,918	0	-12,907,520
Debt Impairment	67,326,709	57,530,576	69,002,070	28,806,620
Depreciation and amortisation	0	15,309,174	0	15,763,169
Impairment	0	2,471,135		
Repairs and maintenance	12,208,141	6,652,474	14,642,732	6,288,497
Finance costs	7,590,258	7,633,763	6,523,124	6,605,133
Bulk purchases	96,637,615	95,041,763	132,410,969	117,892,863
Contracted services	2,533,800	1,943,285	2,765,680	2,282,171
Grants and subsidies paid	8,714,313	6,267,500	9,617,512	7,279,845
Delegated management	52,092,814	0	32,260,735	0
Other expenditure	32,844,005	35,228,584	48,490,247	32,326,621
<b>Total Expenditure (excluding Capital expenditure)</b>	<b>398,488,759</b>	<b>322,412,333</b>	<b>441,238,327</b>	<b>310,363,091</b>

**51 FINANCIAL INSTRUMENTS**

Financial instruments are classified into the following categories:

**Financial assets:** Loans and receivables

**Financial liabilities:** At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed.

**2012**

**Assets**

Property, Plant and Equipment	
Long-term investments	
Trade and other receivables from exchange transactions	
Other receivables from non-exchange transactions	
Vat	
Cash and Cash Equivalents	

<b>Loans and receivables</b>	<b>Non financial assets</b>	<b>Total</b>
<b>R</b>	<b>R</b>	<b>R</b>
-	817,594,352	817,594,352
224,908	-	224,908
26,633,303	-	26,633,303
114,313,683	-	114,313,683
-	-	-
176,729,059	-	176,729,059
317,900,953	817,594,352	1,135,495,305

**Net assets**

1,004,341,099	1,004,341,099
286,733,874	(299,944,045)

**2011**

**Assets**

Property, Plant and Equipment	
Long-term investments	
Trade and other receivables from exchange transactions	
Other receivables from non-exchange transactions	
Vat	
Cash and Cash Equivalents	

<b>Loans and receivables</b>	<b>Non financial assets</b>	<b>Total</b>
<b>R</b>	<b>R</b>	<b>R</b>
-	802,002,968	802,002,968
224,908	-	224,908
20,313,984	-	20,313,984
106,573,685	-	106,573,685
1,449,670	-	1,449,670
124,999,536	-	124,999,536
253,561,783	802,002,968	1,055,564,751

**Liabilities**

Long-term Liabilities	
Post employment medical benefit	
Consumer deposits	
Short-term Portion of Deferred Income	
Short-term Portion of Long Term Liabilities	
Short-term Portion of Post employment medical aid	
Trade and other payables from exchange transactions	
Provisions	
Vat payable	

<b>Measured at amortised cost</b>	<b>Non financial liabilities</b>	<b>Total</b>
<b>R</b>	<b>R</b>	<b>R</b>
2,133,584	4,772,145	6,905,729
-	59,881,693	59,881,693
7,937,497	-	7,937,497
15,470,541	-	15,470,541
1,303,479	3,490,312	4,793,791
7,975,398	1,392,768	1,392,768
-	18,293,832	26,269,230
-	17,076,816	17,076,816
26,883,003	112,845,062	139,728,065

**Net assets**

926,103,867	926,103,867
226,678,780	(236,945,962)

**Loans and receivables at amortised cost**

<b>Opening balance</b>	253,561,783	286,733,874
<b>Net other movements</b>	64,339,170	(33,172,091)
<b>Closing balance</b>	317,900,953	253,561,783

**Financial liabilities at amortised cost**

<b>Opening balance</b>	26,883,003	66,459,353
<b>Net other movements</b>	4,284,076	(39,576,350)
<b>Closing balance</b>	31,167,079	26,883,003

**LUKHANJI MUNICIPALITY**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
for the year ended 30 June 2012

<b>EXTERNAL LOANS</b>	<b>Interest Rate %</b>	<b>Loan number</b>	<b>Redeemable Date</b>	<b>Balance at 30 June 2011</b>	<b>Received during the period</b>	<b>Redeemed / written off during the period</b>	<b>Balance at 30 June 2012</b>
						<b>R</b>	
<b>FINANCE LEASES</b>							
POB00039K : TRACTOR 4X4 AGRIC	Variable		2012-05-01	294,710		(294,710)	-
POB00040B : GRID ROLLER	Variable		2012-05-01	79,371		(79,371)	-
POB00021J : ISUZU FVZ 1400 TURBO	Variable		2012-02-26	156,805		(156,805)	-
POB00022H : ISUZU FTR 800 TIP	Variable		2012-02-26	99,066		(99,066)	-
POB00023E : ISUZU FTR 800 TIP	Variable		2012-02-26	99,066		(99,066)	-
POB00026X : BEEL 770 D MOTOR GRADER	Variable		2012-03-01	330,143		(330,143)	-
48519940001 : ISUZU KB200	12.84		2013-04-01	65,648		(33,892)	31,756
48519940002 : ISUZU KB200	12.84		2013-04-01	65,648		(33,892)	31,756
48519940003 : ISUZU KB200	12.84		2013-04-01	65,648		(33,892)	31,756
48519940004 : LPT 709 TON TATA DROPSIDE	12.84		2013-04-01	126,819		(65,472)	61,346
48519940005 : CHEVROLET AVEO 1.5 HATCH BASE	12.84		2013-04-01	51,050		(26,355)	24,695
48519940006 : ISUZU KB 200	12.84		2013-04-01	65,648		(33,892)	31,756
48519940007 : ISUZU KB 200	12.84		2013-04-01	65,648		(33,892)	31,756
48519940008 : CHEVROLET AVEO 1.5 HATCH BASE	12.84		2013-04-01	51,050		(26,355)	24,695
48519940009 : ISUZU KB 200	12.84		2013-04-01	65,648		(33,892)	31,756
48519940010 : MASSEY FERGUSON 275	12.84		2013-04-01	97,621		(50,399)	47,222
48519940011 : ISUZU KB 200	12.84		2013-04-01	69,156		(35,703)	33,453
48519940012 : ISUZU KB 200	12.84		2013-04-01	72,592		(37,477)	35,115
48519940013 : ISUZU KB 200	12.84		2013-04-01	72,592		(37,477)	35,115
48519940014 : NISSAN CABSTAR UD 40	12.84		2013-04-01	223,888		(115,586)	108,302
48519940015 : ISUZU FVZ 1400 TIPPER TRUCK	13.34		2013-06-01	396,110		(184,888)	211,222
48519940016 : JCB JS200 EXCAVATOR	12.84		2013-06-01	627,857		(293,834)	334,022
48519940017 : TATA TIPPER TRUCK	12.84		2013-07-01	215,486		(96,273)	119,213
48519940018 : TATA TIPPER TRUCK	12.84		2013-07-01	215,486		(96,273)	119,213
48519940019 : LANDFILL COMPACTOR	14.90		2013-07-01	992,453		(438,170)	554,283
48519940021 : TOYOTA HILUX 3.00	12.84		2013-08-01	123,475		(52,748)	70,727
48519940022 : 15 TON FOUR WHEEL TRACTOR TR	12.84		2013-09-01	99,907		(40,870)	59,038
48519940023 : 20-25 TON FOUR AXLE LOW BED	12.84		2013-09-01	103,894		(42,500)	61,393
4052819154 : 10 ISUZU FVZ 1600 COMPAQTOR C/C				1,796,805		(321,781)	1,475,023
4052819154 : 10 ISUZU FSR 750 CREW CAB F/C C/C				1,092,701		(195,687)	897,014
4052819154 : 11 TOYOTA FORTUNER 3.0 D-D4 R/B 4X4				380,465		(69,128)	311,337
4052819154 : TERM LOAN				936,963		(173,724)	763,240
4052819154 : ELECTRICITY SPARES					1,664,000	(150,326)	1,513,674
<b>Total Finance lease liabilities</b>				9,199,420	1,664,000	(3,813,538)	7,049,882
<b>ANNUITY LOAN</b>							
Development Bank of South Africa	12.00		2013-03-01	2,500,100	38,390	(1,231,199)	1,307,292
<b>TOTAL EXTERNAL LOANS</b>				11,699,520	1,702,390	(5,044,736)	8,357,174

**LUKHANJI MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
**for the year ended 30 June 2012**

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements/ Take on	Carrying Value	
	Opening Balance		Additions		Disposals/Write offs	Under Construction	Closing Balance	Opening Balance		Depreciation	Disposals/Write offs	Impairment loss/Reversal of impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land</b>														
Land	331,573,305	-	-	-	-	-	331,573,305							331,573,305
Landfill Sites	7,538,455	100,202	-	-	-	-	7,638,657	-	-	-	-	-	-	7,638,657
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>339,111,760</b>	<b>100,202</b>	-	-	-	<b>339,211,962</b>	-	-	-	-	-	-	-	<b>339,211,962</b>
<b>Buildings</b>														
Buildings	159,293,772	1,337,281	-	-	-	160,631,053	(10,277,018)	(5,138,509)	-	-	(15,415,526)	-	-	145,215,526
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	130,420,601	14,066,787	-	-	-	144,487,388	(11,324,504)	(4,527,738)	-	-	(15,852,242)	-	-	128,635,146
Electricity	90,666,957	11,824,924	-	-	-	102,491,881	(6,454,882)	(2,290,319)	-	-	(8,745,201)	-	-	93,746,680
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>221,087,558</b>	<b>25,891,711</b>	-	-	-	<b>246,979,269</b>	(17,779,386)	(6,818,057)	-	-	(24,597,443)	-	-	<b>222,381,826</b>
<b>Community Assets</b>														
Recreation	738,641	724,022	-	-	-	1,462,663	(73,864)	-	-	-	(73,864)	-	-	1,388,799
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>738,641</b>	<b>724,022</b>	-	-	-	<b>1,462,663</b>	(73,864)	-	-	-	(73,864)	-	-	<b>1,388,799</b>
<b>Heritage Assets</b>														
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>720,231,731</b>	<b>28,053,216</b>	-	-	-	<b>748,284,947</b>	(28,130,268)	(11,956,566)	-	-	(40,086,834)	-	-	<b>708,198,114</b>

**LUKHANJI MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
**for the year ended 30 June 2012**

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
<b>Total brought forward</b>	720,231,731	28,053,216	-	-	748,284,947	(28,130,268)	(11,956,566)	-	-	(40,086,834)	-	-	708,198,114
<b>Other Assets</b>													
Office Equipment	1,986,240	170,118	-	-	2,156,358	(1,401,942)	-	-	-	(1,401,942)	-	-	754,416
Furniture & Fittings	2,498,841	75,780	-	-	2,574,621	(1,472,766)	-	-	-	(1,472,766)	-	-	1,101,855
Bins and Containers	911,548	-	-	-	911,548	(91,155)	-	-	-	(91,155)	-	-	820,393
Other Equipment	29,932	-	-	-	29,932	(15,981)	-	-	-	(15,981)	-	-	13,950
Motor vehicles	211,691	-	-	-	211,691	(100,750)	-	-	-	(100,750)	-	-	110,941
Computer Equipment	8,803,573	656,381	(95,711)	-	9,364,244	(2,748,456)	(3,797,129)	-	-	(6,545,585)	-	-	2,818,659
Other Assets	89,604	-	-	-	89,604	(69,242)	-	-	-	(69,242)	-	-	20,362
Game	2,493,300	-	-	-	2,493,300	-	-	-	-	-	-	-	2,493,300
	14,531,429	3,395,579	(95,711)	-	17,831,297	(5,900,291)	(3,797,129)	-	-	(9,697,420)	-	-	8,133,877
<b>Finance Lease Assets</b>													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	14,823,618	-	-	-	14,823,618	(4,845,210)	-	-	-	(4,845,210)	-	-	9,978,409
	14,823,618	-	-	-	14,823,618	(4,845,210)	-	-	-	(4,845,210)	-	-	9,978,409
<b>Total</b>	749,586,779	31,448,795	(95,711)	-	780,939,863	(38,875,768)	(15,753,695)	-	-	(54,629,464)	-	-	726,310,400

**LUKHANJI MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
**for the year ended 30 June 2011**

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
Land													
Land	331,573,305	-	-	-	331,573,305								331,573,305
Landfill Sites	7,538,455	-	-	-	7,538,455	-	-	-	-	-			7,538,455
Quarries	-	-	-	-	-	-	-	-	-	-			-
	<b>339,111,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>339,111,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>339,111,760</b>
Buildings	159,293,772	-	-	-	159,293,772	(5,138,509)	(5,138,509)	-	-	(10,277,018)	-	-	149,016,754
Infrastructure													
Planning	-	-	-	-	-	-	-	-	-	-			-
Roads	109,231,127	21,189,474	-	-	130,420,601	(7,018,230)	(4,306,274)	-	-	(11,324,504)	-	-	119,096,097
Electricity	88,062,565	2,604,392	-	-	90,666,957	(4,213,562)	(2,241,320)	-	-	(6,454,882)	-	-	84,212,075
Other	-	-	-	-	-	-	-	-	-	-			-
Security	-	-	-	-	-	-	-	-	-	-			-
	<b>197,293,692</b>	<b>23,793,866</b>	<b>-</b>	<b>-</b>	<b>221,087,558</b>	<b>(11,231,792)</b>	<b>(6,547,594)</b>	<b>-</b>	<b>-</b>	<b>(17,779,386)</b>	<b>-</b>	<b>-</b>	<b>203,308,172</b>
Community Assets													
Recreation	738,641	-	-	-	738,641	(36,932)	(36,932)	-	-	(73,864)	-	-	664,777
	<b>738,641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>738,641</b>	<b>(36,932)</b>	<b>(36,932)</b>	<b>-</b>	<b>-</b>	<b>(73,864)</b>	<b>-</b>	<b>-</b>	<b>664,777</b>
<b>Total carried forward</b>	<b>696,437,865</b>	<b>23,793,866</b>	<b>-</b>	<b>-</b>	<b>720,231,731</b>	<b>(16,407,233)</b>	<b>(11,723,035)</b>	<b>-</b>	<b>-</b>	<b>(28,130,268)</b>	<b>-</b>	<b>-</b>	<b>692,101,464</b>

**LUKHANJI MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
**for the year ended 30 June 2011**

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
<b>Total brought forward</b>	696,437,865	23,793,866	-	-	720,231,731	(16,407,233)	(11,723,035)	-	-	(28,130,268)	-	-	692,101,464
<b>Other Assets</b>													
Office Equipment	1,986,240	-	-	-	1,986,240	(855,756)	(546,186)	-	-	(1,401,942)	-	-	584,298
Furniture & Fittings	2,481,006	17,835	-	-	2,498,841	(968,473)	(504,293)	-	-	(1,472,766)	-	-	1,026,075
Bins and Containers	911,548	-	-	-	911,548	(45,577)	(45,578)	-	-	(91,155)	-	-	820,393
Other Equipment	29,932	-	-	-	29,932	(11,003)	(4,978)	-	-	(15,981)	-	-	13,950
Motor vehicles	211,691	-	-	-	211,691	(71,681)	(29,069)	-	-	(100,750)	-	-	110,941
Animals	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>14,229,987</b>	<b>301,442</b>	<b>-</b>	<b>-</b>	<b>14,531,429</b>	<b>(4,032,940)</b>	<b>(1,867,351)</b>	<b>-</b>	<b>-</b>	<b>(5,900,291)</b>	<b>-</b>	<b>-</b>	<b>8,631,138</b>
<b>Finance Lease Assets</b>													
Office Equipment	11,351,259	3,472,359	-	-	14,823,618	(3,168,245)	(1,876,965)	-	-	(4,845,210)	-	-	9,978,409
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>11,351,259</b>	<b>3,472,359</b>	<b>-</b>	<b>-</b>	<b>14,823,618</b>	<b>(3,168,245)</b>	<b>(1,876,965)</b>	<b>-</b>	<b>-</b>	<b>(4,845,210)</b>	<b>-</b>	<b>-</b>	<b>9,978,409</b>
<b>Total</b>	<b>722,019,112</b>	<b>27,567,667</b>	<b>-</b>	<b>-</b>	<b>749,586,779</b>	<b>(23,608,417)</b>	<b>(15,267,351)</b>	<b>-</b>	<b>-</b>	<b>(38,875,768)</b>	<b>-</b>	<b>-</b>	<b>710,711,011</b>

**LUKHANJI MUNICIPALITY**  
**APPENDIX C**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**  
**for the year ended 30 June 2012**

	<b>Balance</b>	<b>Contributions</b>	<b>Interest</b>	<b>Receipts</b>	<b>Operating expenses</b>	<b>Capital</b>	<b>Transfers</b>	<b>Balance</b>	<b>Conditions met</b>
	<b>2011/06/30</b>							<b>2012/06/30</b>	
IEC	-303,545.66				814.54	14,700.01		-288,031.11	Yes
Storm Relief Fund	-24,493.33		-835.56					-25,328.89	Yes
Bulk Services Levy	-925,264.61		-66,011.97	-203,602.04				-1,194,878.62	Yes
BCIG projects: Mlungisi bulkwater	-67,804.51							-67,804.51	Yes
Ekuphumleni Transfer Fees	-11,304.35		-614.85		11,919.20				Yes
Enkululekweni Establishment Grant	-1,446.77		78.68		1,525.45				Yes
Enkululekweni Top structure	15,215.06		827.56		-16,042.62			0.00	Yes
Ekuphumleni Establishment Grant	-34,500.91		-1,876.55		36,377.46			-0.00	Yes
Ekuphumleni Top Structure	-4,523.29		-246.10		4,769.39			0.00	Yes
Ezibeleni Phase 2 Establishment Grant	7,786.87		423.53		-8,210.40			-	Yes
Ezibeleni Phase 2 Top Structure	-162.51		-8.85		171.36			-0.00	Yes
Tambo Village Top Services	5,891.46		320.44		-6,211.90			-	Yes
CMIP: Sabata Dalindyebo Services	-17,155.83							-17,155.83	Yes
BCIG Projects: Ezibeleni Sewer	-52,016.36							-52,016.36	Yes
Botha's Hoek Design Fees	-9,674.89		-526.22		10,201.11			0.00	Yes
Botha's Hoek Establishment Grant	0.97		0.05		-1.02			0.00	Yes
Ensam Design Fees	-24,321.39		-1,322.86		25,644.25			-	Yes
Botha's Hoek Top Structure	-37,840.96		-2,058.20		39,899.16			0.00	Yes
CMIP Project: Ezibeleni Bulkwater & Roads	-14,745.09							-14,745.09	Yes
Merino Walk Top Structure	22,955.16		1,248.55		-24,203.71			0.00	Yes
Shiloh Greenfields - Survey Project	-89,635.37							-89,635.37	Yes
Merino Walk Design Fees	459.29		24.98		-484.27			-0.00	Yes
Merino Walk Establishment Grant	283,679.26		15,427.99		-299,107.25			-	Yes
Formulation Ezibeleni Sites	-38,658.78							-38,658.78	Yes
McBride Establishment Grant	-1,647.02		-89.58		1,736.60			-	Yes
Who Can Tell Establishment Grant	0.43		0.02		-0.45			-0.00	Yes
Ensam Establishment Grant	-276.44		-15.04		291.48			0.00	Yes
Ensam Top Structure	-2,117.82		-115.19		2,233.01			-	Yes
Ilinge Establishment Housing Project	-58,537.96		-3,183.94		61,721.90			-	Yes
Ilinge Top Structure	-5,529.32		-300.75		5,830.07			-0.00	Yes
Imvani Establishment Grant	438.83		23.86		462.69			0.00	Yes
Imvani Top Structure	-215,634.11		-11,727.36		227,361.47			0.00	Yes
Sabata Dalindyebo Establishment Grant	-14.93		-0.81		15.74			-	Yes
Sabata Dalindyebo Top Structure	-9.52		-0.52		10.04			-0.00	Yes
Tambo Village Establishment Grant	-7,671.37		-417.22		8,088.59			-	Yes
Tambo Village Top Structure	-14,222.61		-773.62		14,996.23			-0.00	Yes
McBride Design Fees	211,989.78		11,530.40		-223,520.18			-	Yes
McBride Top Structure	1,132.96		61.62		-1,194.58			0.00	Yes
Who-Can-Tell Design Fees	9,301.54		505.92		-9,807.46			-0.00	Yes
Who-Can-Tell Top Structure	-268,223.71		-14,608.99		282,832.70			-	Yes
Poplar Grove Establishment Grant	-7,946.49		-432.22		8,378.71			-	Yes

**LUKHANJI MUNICIPALITY**  
**APPENDIX C**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**  
for the year ended 30 June 2012

	<b>Balance</b>	<b>Contributions</b>	<b>Interest</b>	<b>Receipts</b>	<b>Operating expenses</b>	<b>Capital</b>	<b>Transfers</b>	<b>Balance</b>	<b>Conditions met</b>
	<b>2011/06/30</b>							<b>2012/06/30</b>	
Poplar Grove Top Structure	-908,842.24		-49,432.42		958,274.66			-	Yes
Poplar Grove Design Fees	66.47		-3.62		70.09			-0.00	Yes
Interest on Housing Projects	-46,247.73		-2,515.48		48,763.21			0.00	Yes
Interest on Projects Infrastructure	-2,777.67		258.72		2,518.95			0.00	Yes
MIG Funds	-4,479,239.50			-26,480,000.00	1,155,845.29	23,355,838.50		-6,447,555.71	Yes
MIG retention fund	-33,821.70							-33,821.70	Yes
Ilinge registration fee	-59,937.24		-3,260.03		63,197.27			-	Yes
Sabata : Project Link	-496,220.33		-27,133.54		523,353.87			-	Yes
MIG - Interest	-66,180.96							66,180.96	Yes
Sinthemba Organization	-8,237.87				1,376.00			-6,861.87	Yes
Nomzamo Project Linked Housing	10,329.93		561.75		-10,891.68			0.00	Yes
Nomzamo Top Structure	-17,805.01		-968.48		18,773.49			0.00	Yes
Sabata Top Structure	-6,904.32		-380.91		7,285.23			0.00	Yes
Dept of National Health (Attic)	-164,646.29			-2,444,677.49				-2,609,323.78	Yes
UPGRADE ELECTRICITY NETWORK 1.5c/kw	-783,294.13		-29,994.90			813,289.03		-	Yes
Hydraulic Analysis Sewerage	-4,348.00							4,348.00	Yes
Fire Services	-285,471.69				-27,809.02			-313,280.71	Yes
LED PROJECT - RESOURCE GROUP	-528,721.74			-284,648.49				-813,370.23	Yes
Mendi Educare Centre	-12,907.69		-702.06					-13,609.75	Yes
CMIP Project: Enkululekweni Housing	-36,270.27							-36,270.27	Yes
CMIP Project: Shiloh Bede Free Basic Water	-51,109.60							-51,109.60	Yes
Rural Water Scheme	-12,390.36							-12,390.36	Yes
Planting of Grass - BRFU	-4,085.28							-4,085.28	Yes
Ner: Ezibeleni Infra Upgrade Phase 2	82,521.42							82,521.42	Yes
Eskom (Sabata Dalindyebo)	-139,262.87							-139,262.87	Yes
Electricity Grant				-1,000,000.00		1,000,000.00			Yes
VARIOUS PROJECTS - CHDM WATER	-410,062.25							-410,062.25	Yes
Free Basic Services	-63,512.18							-63,512.18	Yes
Completion of Zoning Scheme	-6,264.35							-6,264.35	Yes
Financial Management Grant	-727,459.61			-1,500,000.00	2,182,939.47	44,520.14		0.00	Yes
SMALL MICRO STRATEGY & HAWKER	-66,174.80							-66,174.80	Yes
Laurie Dashwood Park Settlement Planning	-22,551.75							-22,551.75	Yes
Preparation of Structure Plan	-90,900.19							-90,900.19	Yes
Integrated Development Plan	6,372.37				-6,372.37			-	Yes
MSP Funds	-208,740.79					26,785.48		-181,955.31	Yes
Nomzamo Planning	-29,791.92		-1,620.41		31,412.33			0.00	Yes
MIG Counterfunding	-621,301.09				8,992.00			-612,309.09	Yes
Service: Informal Settlements	-82,487.22							-82,487.22	Yes
Survey & Planning: Ext 2 Whittlesea	-44,147.89							-44,147.89	Yes
Unknown Allocation	-226,534.55							226,534.55	Yes
Survey of Laurie Dashwood Park	-2,394.37							-2,394.37	Yes

**LUKHANJI MUNICIPALITY**  
**APPENDIX C**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT**  
for the year ended 30 June 2012

	<b>Balance</b>	<b>Contributions</b>	<b>Interest</b>	<b>Receipts</b>	<b>Operating expenses</b>	<b>Capital</b>	<b>Transfers</b>	<b>Balance</b>	<b>Conditions met</b>
	<b>2011/06/30</b>							<b>2012/06/30</b>	
Township Register 1	-40,332.46		-1,268.53					-41,600.99	Yes
Tylden Irrigation Scheme	-6,167.09							-6,167.09	Yes
LGW Seta - Training	-2,429.88			-471,816.23	275,210.58			-199,035.53	Yes
Rags to Riches	-32,171.05							-32,171.05	Yes
Township Register 2	-45,133.36		-1,338.08					-46,471.44	Yes
DBSA - Hand Held Terminals	-15,000.00							-15,000.00	Yes
Valuation Fund	-27,475.43							-27,475.43	Yes
George Hartley Bequest	-66,357.37		-913.31					-67,270.68	Yes
Oliver Barnes Bequest	-4,019.64		-430.26					-4,449.90	Yes
P B Arnold Bequest	-11,668.38		-1,291.29					-12,959.67	Yes
W Tregarten Bequest	-5,271.40		-508.84					-5,780.24	Yes
Mendi Memorial Creche	-14,043.20		-1,463.86					-15,507.06	Yes
Rowell Old Age Home	-2,196.54		-237.29					-2,433.83	Yes
Cemetery Maintenance Perpetuity	-16,459.21		-1,702.06					-18,161.27	Yes
Estate Late Macrae	-1,351.24							-1,351.24	Yes
Queenstown Rhino Funds	-193,895.11		-10,543.12		1,400.00			-203,038.23	Yes
Planning of Shiloh Greenfields	-119,796.20				117,112.50			-2,683.70	Yes
Brakkloof Settlement Planning	-40,355.36				39,037.50			-1,317.86	Yes
Whittlesea Ext 4 Roads & Stormwater	-383,407.58							-383,407.58	Yes
Computerized Library System	-189,325.03					14,625.00		-174,700.03	Yes
Development of Integrated Spatial Info System	-821,688.68							-821,688.68	Yes
Municipal Systems Improvement Program	-968,032.75			-790,000.00	1,733,783.75	24,249.00		-	Yes
Rathwick Electrification	-132,002.03							-132,002.03	
<b>Total</b>	<b>-15,470,541.49</b>	-	<b>-209,738.18</b>	<b>-33,174,744.25</b>	<b>7,279,845.05</b>	<b>25,294,007.16</b>	-	<b>-16,281,171.71</b>	